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AUGUST 24, 1981

'Revolutionary' Tax Bill Accelerates Depreciation

By Doug Stinson

NEW YORK, N.Y.—The "Economic Recovery Tax Act of 1981"—H.R. 4242— is "revolutionary" according to one tax expert (Gerald W. Padwe, a tax partner of Touche Ross) and a "major intervention into the United States economy through tax reform."

President Reagan's simple two-part proposal of last February—to cut individual income taxes and accelerate the depreciation of business properties—turned into H.R. 4242, a massive tax reform act designed to create full economic recovery. Its 119 provisions and almost 200 pages of closely typed legalese will affect virtually every taxpayer in the country, individual or business.

Provisions of the new tax bill and its impact on individuals and businesses were discussed at a briefing held by Touche Ross in its New York offices. Padwe and Mortimer Berl, another tax partner of the accounting firm, and other Touche Ross experts assessed the bill for *Discount Store News*.

Of major interest to retailers are personal income tax reductions, which will create new discretionary dollars for all consumers, and accelerated depreciation of equipment and real property used in the business.

The final version of the tax bill reduces personal income taxes by 5% on Oct. 1, 1981, and by 10% in mid-1982 and mid-1983. The reduction this year amounts to 1¼% on an annualized basis, and will probably not have any immediate, dramatic effect on consumer spending. (Another expert—Martin Lefkowitz, senior economist with the U.S. Chamber of Commerce, disagrees. "The day the Government cuts withholding taxes on individuals," according to Lefkowitz, "when people get their paychecks, they will be in the stores spending their money.")

The actual tax burden on individual tax payers in 1981 will *rise*, however, because of bracket creep and higher Social Security taxes. It's doubtful that any halo effect on consumers' attitudes and confidence will outweigh the actual in-

(Continued on page 68)

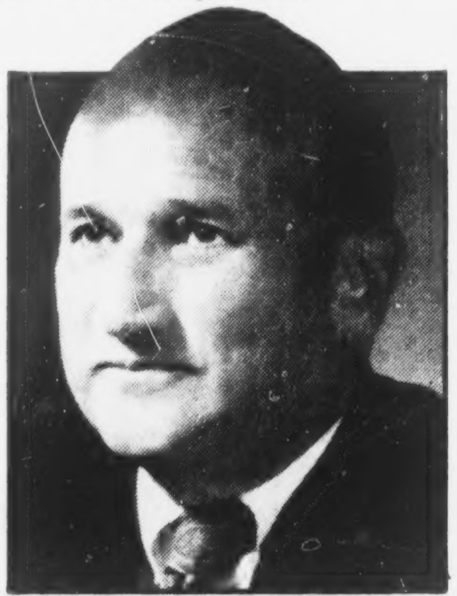
Top Discounters Give Formula For Success

Maurice Segall and Herbert H. Goldberger, two of discounting's most respected retailers, will be honored at the annual Discount Store News *SPARC (Supplier Performance Award by Retail Category) banquet Aug. 16, at Chicago's Hyatt Regency.*

Segall, president and ceo of Zayre, has been named Discounter of the Year by his retailing peers, while Goldberger, past chairman of Hills, has been elected to the Discounting Hall of Fame.

The two men shared some of their views on discounting and the role of their companies in the industry, in exclusive interviews with DSN. *Some of their remarks follow.*

Hills' Goldberger: We Fill a Niche

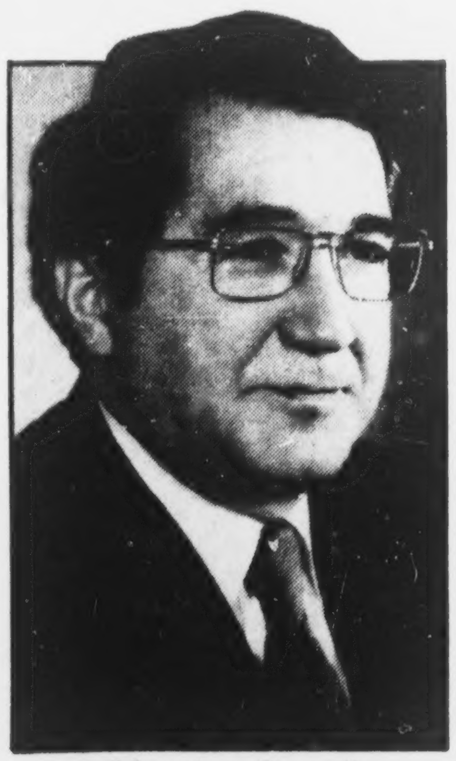

Herbert H. Goldberger
Past Chairman, Hills;
1981 Inductee,
Discounting Hall of Fame

I think we're different from almost anyone else around because we are willing to stick with a store until it's profitable. In some communities, that has meant staying with an operation eight to 10 years. I'm always fond of saying that no one would do what we do; no one is that stupid.

Seriously, it's a long-range approach, and where we've done it we've had real success.

(Continued on page 7)

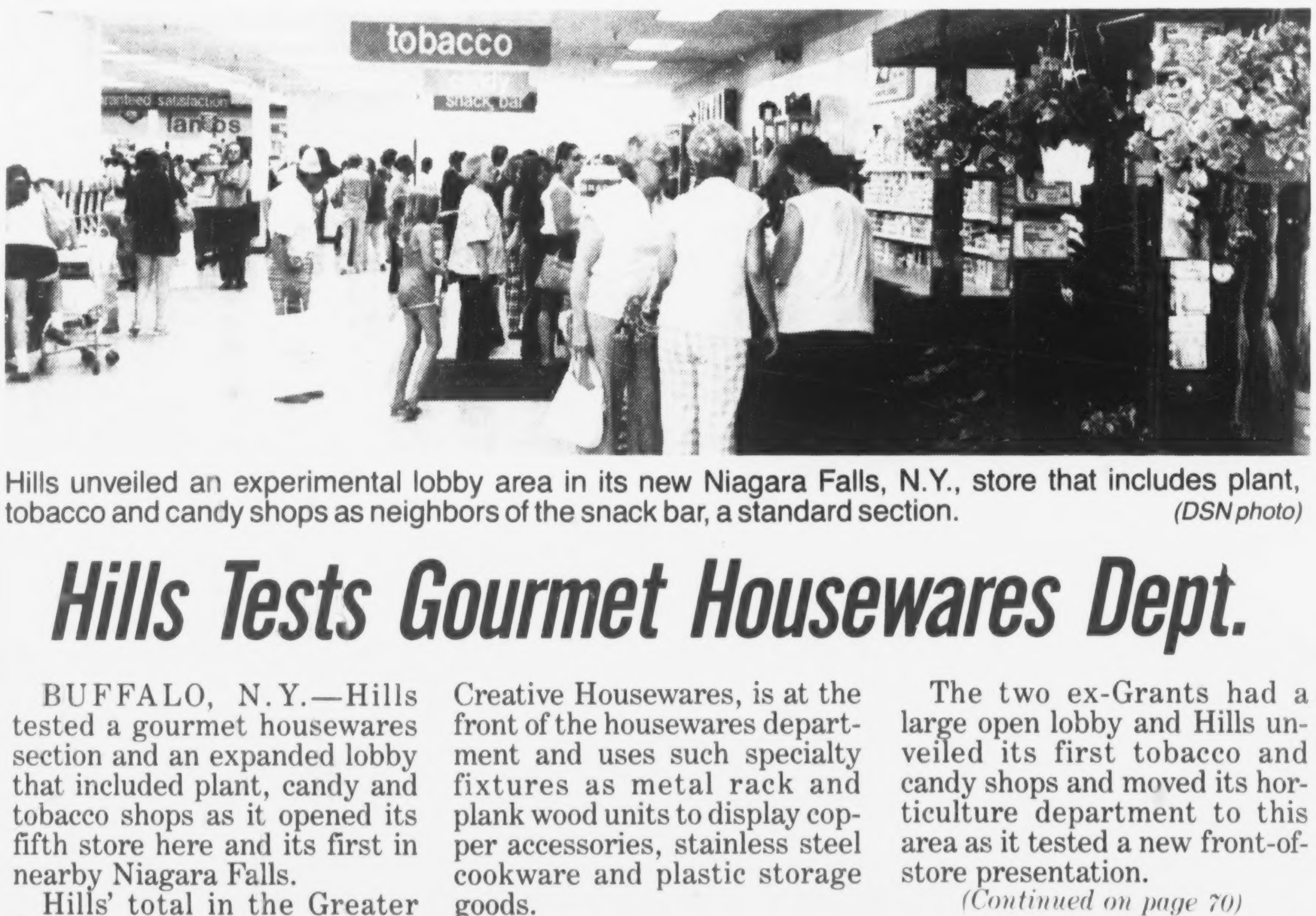
Zayre's Segall: Remodeling Vital


Maurice Segall
President, CEO, Zayre;
Discounter of the Year

Looking ahead, I think that the seven chains that are currently doing almost 50% of the industry's business will continue to get larger, both by growth and by acquisition.

Only those discount store chains that are professionally managed will be able to survive and prosper in the coming years. When you look at the financial planning skills of most chains you realize most retailers are neophytes; they do not have the skills—the ROI analysis tools, for example—that are

(Continued on page 68)



Hills unveiled an experimental lobby area in its new Niagara Falls, N.Y., store that includes plant, tobacco and candy shops as neighbors of the snack bar, a standard section. *(DSN photo)*

Hills Tests Gourmet Housewares Dept.

BUFFALO, N.Y.—Hills tested a gourmet housewares section and an expanded lobby that included plant, candy and tobacco shops as it opened its fifth store here and its first in nearby Niagara Falls.

Hills' total in the Greater Buffalo market will reach seven when a store opens this fall in North Tonawanda, halfway between Buffalo and Niagara Falls.

The 360-sq.-ft. gourmet housewares section went into a former 83,000-sq.-ft. Saxon store in Niagara Falls, which, in turn, was a recycled W. T. Grant.

The expanded lobby went into both units. The 80,000-sq.-ft. Buffalo store is a former Naum Bros. catalog showroom that was also a recycled Grant. (Naum retained 30,000 sq. ft. of the ex-Grant and the showroom was revamped to follow the mass-display format used by Ardan, a cataloger that is owned by the Carlson Companies which also owns Naum. See story, p. 3.)

See photos, pp. 55 and 57.

Hills is testing gourmet housewares in a shop-type presentation to see if this merchandising will result in markedly greater sales than the same goods had in its regular housewares presentation.

The gourmet section, called Creative Housewares, is at the front of the housewares department and uses such specialty fixtures as metal rack and plank wood units to display copper accessories, stainless steel cookware and plastic storage goods.

The two ex-Grants had a large open lobby and Hills unveiled its first tobacco and candy shops and moved its horticulture department to this area as it tested a new front-of-store presentation.

(Continued on page 70)

Arnold D. Friedman, Publisher, Dead at 81

Arnold D. Friedman
(1900-1981)

NEW YORK, N.Y.—Arnold D. Friedman, chairman, publisher and co-founder of Lebhar-Friedman Inc., died July 30th at his summer home on Long Island.

Mr. Friedman, with his late partners, Godfrey M. Lebhar and John S. Stern, founded the publishing company (which is today the nation's largest independent publisher specializing in retailing) in 1925 with a single publication called *Chain Store Age*.

Through the late 20's and 30's, Mr. Friedman and Mr. Lebhar actively supported major chains in their battles against mas-

(Continued on page 2)

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My Father, Our Chairman

Arnold D. Friedman, my father, died peacefully at his summer home July 30th. It is typical of the life he led that his last evening was spent on the phone talking about the business and viewing the wedding of Prince Charles. Arnold Friedman was a businessman, but more than that, he was interested in the world around him.

For 56 years, he guided Lebhar-Friedman Inc. He and his two partners, the late Godfrey M. Lebhar and John Stern, started a magazine called *Chain Store Age* in 1925. It was a success from the first issue, but after a few years my father, with his usual keen sense of timing, realized that retailing was not one chain store field, but many segments. He broke the one chain store magazine into three separate editions and with this courageous move, he formed the nucleus of Lebhar-Friedman Inc.

Years later, business newspapers, a directory division, a seminar division, a book division, a Japanese division, and even a music publishing company were added. Lebhar-Friedman became the largest publisher specializing in retailing in the world.

Arnold Friedman was a gentleman. His Southern background revealed itself in his courteous ways and slow drawl. He was generous, not only in terms of money, but more importantly, in the time he took to be with people and listen to them. Success never kept my father from being interested in and caring about people. He would take time to stop and talk to individuals, not only during the day, but late at night when they were sitting at their desks finishing up their work. He was never so busy that he couldn't take five minutes out to listen to someone's problems.

During the Depression, he paid the company payroll out of his own pocket, and by his drive, kept the company moving and prosperous. In the American business scene, commercialism, crudeness and cutting corners are sometimes a way of life—but Arnold Friedman stood above the crowd. He never "finagled." That, to him, was dishonest.

He was, to use one of his own phrases, "a man of parts." Extremely well-read and well-traveled, he brought a rare degree of sophistication and intellect to business. As most people grow older, their idiosyncrasies, foibles and moods get worse. In the case of my father, he became more tolerant and an even better executive as the years went on.

Arnold Friedman never forgot a favor. People who had helped him or befriended him were always remembered. Loyalty was very important.

My father ran our home as he ran our business, with love and affection. He was married to my mother for 50 years, and I have no recollection of them ever having an argument. When my sister, brother and I were young he would play with us, not as an adult, but as someone who enjoyed the games children played. His love of children continued with his grandchildren.

In my many years in business, I have met numerous executives and leaders, and I can safely say that Arnold Friedman stood taller than any of them. He was the best friend that I will ever have. Of course, I am prejudiced because I worked with him for 25 years and loved him for 47 years.

J. Roger Friedman
Son—President

Arnold D. Friedman, Publisher, Dead at 81

(Continued from page 1)

sive antichain tax legislation that threatened to cripple and eventually put supermarket, variety, specialty, food-service and drug chains out of business.

Mr. Friedman was the quintessential story of the poor boy who made good. Born and raised in the South, he graduated from Little Rock High, and after spending one year at the University of Illinois he decided to attend Columbia College. He graduated from college in 1922. His first job was as an advertising salesman on a consumer magazine. He then switched to business papers.

Mr. Friedman developed the idea for a chain store publication and went around to various publishers to sell them on this concept. During this time, he was out of work and was supported by one of his college classmates.

In 1925, Mr. Stern and Mr. Lebhar, who were already small business publishers, brought Mr. Friedman in as a partner on the condition that he become the publisher of the new *Chain Store Age* publication, sacrificing his original desire to be the editor.

The magazine became an instant success. Four years later, Arnold Friedman decided to divide the single publication into three, serving the supermarket, drug and variety fields.

The 1930's were difficult. At various times, Mr. Friedman had to pay the payroll with cash from his own pocket.

Sales Improve

The business grew and prospered. A directory division was purchased in 1947. Three business newspapers were started in recent years: *Discount Store News*, *Nation's Restaurant News* and *National Home Center News*. A Japanese paper, *Chain Store Age News*, was developed, and a music publishing division was formed.

Mr. Friedman's progressiveness and forward thinking were evidenced in recent years when he decided that the chain drug industry had changed and he converted a publication of 50 years standing from a magazine to a tabloid newspaper to better serve this retail field.

He was a founder of the American Business Press Inc., having served three years as its chairman. He was one of the original founders of the Association of Second Class Mail Publishers Inc., an association which is dedicated to paid circulation efforts and activities for business magazines and newspapers.

He received numerous awards from various retail and publishing associations, including the Henry T. Zwirner Award and an award from the National Association of Chain Drug Stores.

In 1975, on the occasion of the company's 50th anniversary, a special award was presented to him by the heads of the major trade associations, representing the supermarket, general merchandise, discount, restaurant and drug industries.

In addition to his publishing activities, he was also an active cattle rancher in New Mexico.

Wal-Mart's Bid For Big K Is Cut From $5 a Share to $2.75

BENTONVILLE, Ark.—The decline in the net worth of Kuhn's Big K has reduced Wal-Mart's bid from $5 a share to $2.75—from two-tenths of a $25 Wal-Mart preferred to just over one tenth—but that cost (which totals $7.5 million, including $411,000 worth of Kuhn's preferred) is just the tip of the Wal-Mart/Big K financial iceberg.

Wal-Mart must also assume approximately $27 million in Big K bank liabilities, payables of approximately $25 million, and total estimated capital costs (for remodels, closing stores and new inventory) of $40 million-$50 million, according to senior vice president S. Robson Walton. That makes the deal worth $100 million—and it may still be one of the most astute real estate deals turned recently by any retailer, in spite of the cost.

As development funds dry up, and store-opening costs rise, Wal-Mart has solidified its Southeast territories with almost 100 new stores at a cost (*including* inventory and remodeling) of approximately $1 million each. Even if the stores continue to produce at the Big K average of $3 million, Wal-Mart gains volume three times higher than total cost; and if the stores are brought quickly up to Wal-Mart standards, they should start producing $500 million in sales and net income of approximately $15 million a year.

Efforts are already under way to improve the operations of the Big K stores. Since July 3, Wal-Mart's transition team has been working (under Big K supervision) to get merchandise into the stores and improve the presentations.

Excessive shrink and markdowns at Big K were part of the reason the purchase price was reduced, and some suppliers had not started shipping Big K

(Continued on page 69)

Brenner Is Named Prange-Way Prez

GREEN BAY, Wis.—Stanley I. Brenner has been named to the newly created post of president of the 22-store Prange-Way discount chain.

Prior to his appointment Brenner was senior vice president of merchandising for Prange's department stores. Both the discount stores and department stores are divisions of H.C. Prange Co.

The restructuring, which also saw Larry Sommer, a Prange-Way divisional manager, appointed to the newly created post of Prange-Way's director of stores, was consistent with the company's long-range plans to segregate its various merchandising businesses into separate operating divisions, each functioning as a profit center, according to Henry C. Prange, chairman and ceo of the H.C. Prange Co.

Discounters Can Pop the Questions On Capitol Hill at NMRI Conference

NEW YORK, N.Y.—Discounters will get a chance to question Capitol Hill legislators and bureaucrats and to refine their lobbying techniques this September when the National Mass Retailing Institute holds its second National Affairs Conference in Washington.

The two-day conference, to be held Sept. 16-17, will get under way on the 16th with a reception dinner.

Sept. 17, Rep. Barber Conable Jr. (R-N.Y.) and Sen. William Roth (R-Del.) will be the featured speakers at a breakfast which will begin at 8 a.m. The agenda will include a discussion of the day's lobbying efforts, and meetings with legislators. A lunch on Capitol Hill with Jim Range, legislative counsel to the Senate majority leader, and Ari Weiss, executive director of the House Democratic Steering and Policy Committee, as guest speakers will follow.

Lechmere Shuffles Executives, May Build Up CE

WOBURN, MASS.—Lechmere, restructuring its merchandising staff, has named a new merchandise manager and realigned responsibility for several product categories.

Laying the foundations for a possibly greater emphasis on consumer electronics, Lechmere named Lou Bernucca, the general manager for Lechmere's records and tapes distributing company, as divisional merchandise manager for audio, television, record and tape products. The chain also upped Alan Basmajian, assistant buyer for records and tapes, to buyer for those categories.

The appointments follow the resignation of a buyer and assistant buyer in audio, as well as the resignation of a divisional merchandise manager who had responsibility for vacuum cleaners, office equipment, photography and calculators.

Rather than replace the empty divisional merchandise manager position, responsibility for office equipment and photography was shifted to Mike London, dmm of major appliances. He was also given charge of jewelry and watches.

Responsibility for vacuum cleaners was given to dmm John Gray, who already handled housewares, small electrics, tabletop goods, furniture and bedding. Gray will also serve as dmm of luggage.

An additional change was

(Continued on page 69)

In This Issue...

PLANE TALK. This issue's special Hardware Show section includes discounters' reports on tradeup, and present and projected hot items. (Pp. 17-49)

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Vol. 20, No. 17 August 24, 1981

How to Get the Most Out of Co-op Advertising

By Stephanie Shern
Partner, Arthur Young & Co., New York

Cooperative advertising is intended to benefit both the manufacturer and the retailer.

Yet all too often, its benefits are obscured by the difficulties of day-to-day implementation. As a result, many retailers do not participate fully in co-op advertising programs offered by more than 1,000 manufacturers. The retailers' lack of awareness is often the result of insufficient knowledge about how to use the programs or about administrative costs involved.

To find out more about using co-op advertising profitably, I spoke with Ed Kramer from our metropolitan office in New York. The metropolitan office provides consulting, accounting, auditing and tax services to many emerging businesses. Kramer is a consultant who assists clients in controlling their co-op programs as part of his responsibility in the financial planning and control function.

Kramer explained that manufacturers and retailers differ in their perceptions of the problems associated with co-op programs. Retailers sometimes believe manufacturers deliberately throw roadblocks in their way when they try to obtain reimbursements.

The following is a typical example: The retailer purchases merchandise and takes out an ad in the local paper. He sends the invoice and a copy of the ad to the manufacturer. In return, he receives a letter denying reimbursement because of a technicality such as "Your tear sheet was not a full page and did not show publication date and name," or "Your advertisement does not qualify because the name and logo of your firm was not prominently displayed." Is it any wonder that such an experience can dull a busy retailer's incentive to participate in co-op advertising?

Manufacturers often view the co-op advertising situation in the opposite way. Their programs are set up with specific objectives. In order to advance these objectives and control the program, they set up simple ground rules. To their dismay, retailers sometimes ignore the rules entirely or apply them carelessly.

Some of these problems will always exist. But they can be greatly alleviated by making one person—not a buyer—responsible for administrating and maintaining awareness of co-op programs.

A retailer must remember that manufacturers really do want co-op money to be spent. Manufacturers' programs are intended not only to induce retailers to stock goods by offering credits against purchases, but to pull those goods through the distribution chain by means of consumer advertising. If you understand these basic motives and appreciate the fact that manufacturers must have some rules to protect their interests, you can use cooperative advertising in creative ways best suited to your market.

For example, you might want to use unapproved media. Most cooperative programs are restricted to print media with auditable circulations so that advertising rates can be easily verified. But many alternatives to print forms can be useful at a local level. These include "Pennysavers," programs and yearbooks. Manufacturers will approve these if the rationale and cost are explained.

When you consider that most manufacturers offer from 3% to 5% of purchases as accrued credit toward co-op advertising, you realize what a significant part it can play in a retailer's marketing program.

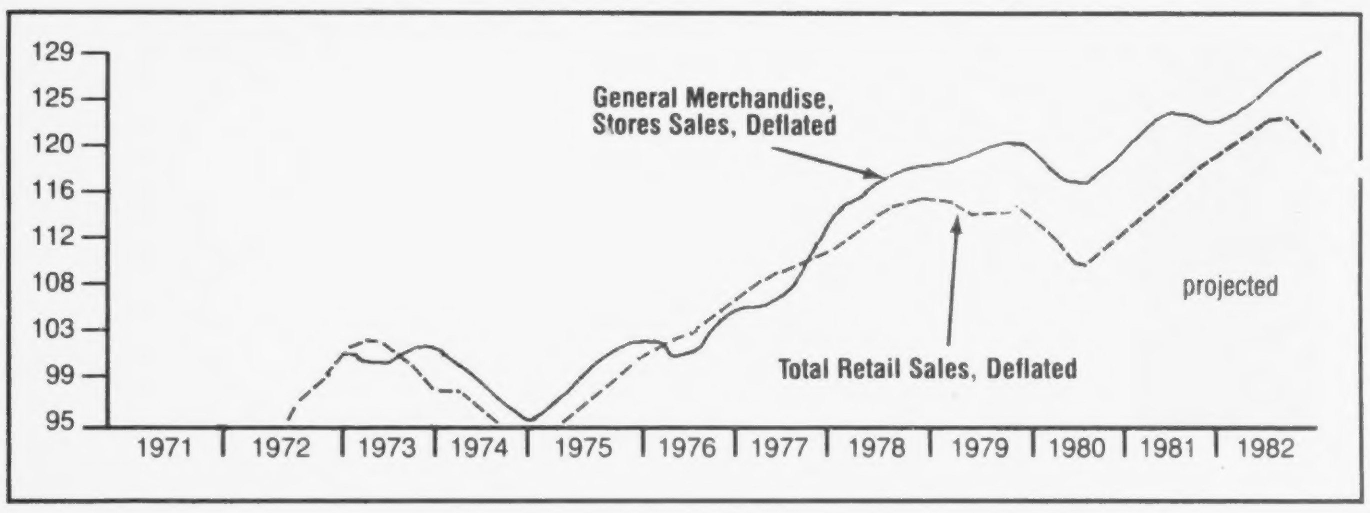
If you want to get the most out of co-ops, remember the following guidelines:

- Make one administrator responsible for your co-op programs. That person should be aware of what promotions are available, be able to explain manufacturers' ground rules to buyers, and maintain records of available credits by manufacturers. He or she also should prepare and coordinate claims requests.
- Be creative but always request the manufacturer's approval of your creative efforts in advance if you are going to deviate from co-op policies. Manufacturers want you to advertise, but they also want your marketing approach to be reasonable in cost and consistent with their objectives.
- Be fair to the manufacturer. A small percentage of claims received by manufacturers are fraudulent.
- Integrate co-op advertising into your total marketing plan. Don't let it be an afterthought. And be sure to encourage your buyers to take advantage of this effective retailing tool. The proper ad can be a good traffic-builder for your entire store.

Stephanie Shern, C.P.A., is a former chairman of the New York State Society of Certified Accountants' retail accounting committee, for which she has conducted various seminars, and is a member of the board of the Metropolitan (New York) Retail Financial Executives Association. She is also a member of the National Mass Retailing Institute, the National Retail Merchants Association and the American Institute of Certified Public Accountants.

L/F Econocycle

'Real' 6% Discount Store Sales Gains in September Are Seen



General Merchandise/Discount

	Sales Change By Quarter								12-Month % Change		
	'80 1Q %	'80 2Q %	'80 3Q %	'80 4Q %	'81* 1Q %	'81* 2Q %	'81* 3Q %	'81* 4Q %	1979 %	1980 %	1981 %
Sales include Inflation	9.1	4.8	4.3	5.8	7.9	11.5	10.0	6.4	9	6	9
Real sales (Deflated)*	1.9	-2.4	-3.4	-2.0	0.9	5.1	4.3	0.5	3	-2	3

Base = April 1981 Sales
*Projected

Discount store sales are set to climb at least 4% this month, then pick up speed to a 6%-plus rate of gain in September, according to the latest L/F Econocycle forecasts.

This strong upward lift in discount store sales runs parallel to similar trends projected for general retailing over the same two-month span.

Overall, in fact, discounters will outpace several major retail sectors over the current period. Drug stores, food service (fast-food, restaurant operations) and building materials/home center outlets are starting to slip from previous sales highs, the L/F computer now indicates.

Discounters and other related retail outlets are moving counter to the general trend—and should continue to outstrip the trends into late fall:

- Department stores, for instance, rolled up gains of 6%-plus in the second quarter and are heading for 7%-plus increases in the current sales period.
- Apparel specialists are gunning for an annual 8% gain this year—with projected step-up increases of 7%, 8% and 9% for the second, third and fourth quarters, respectively.

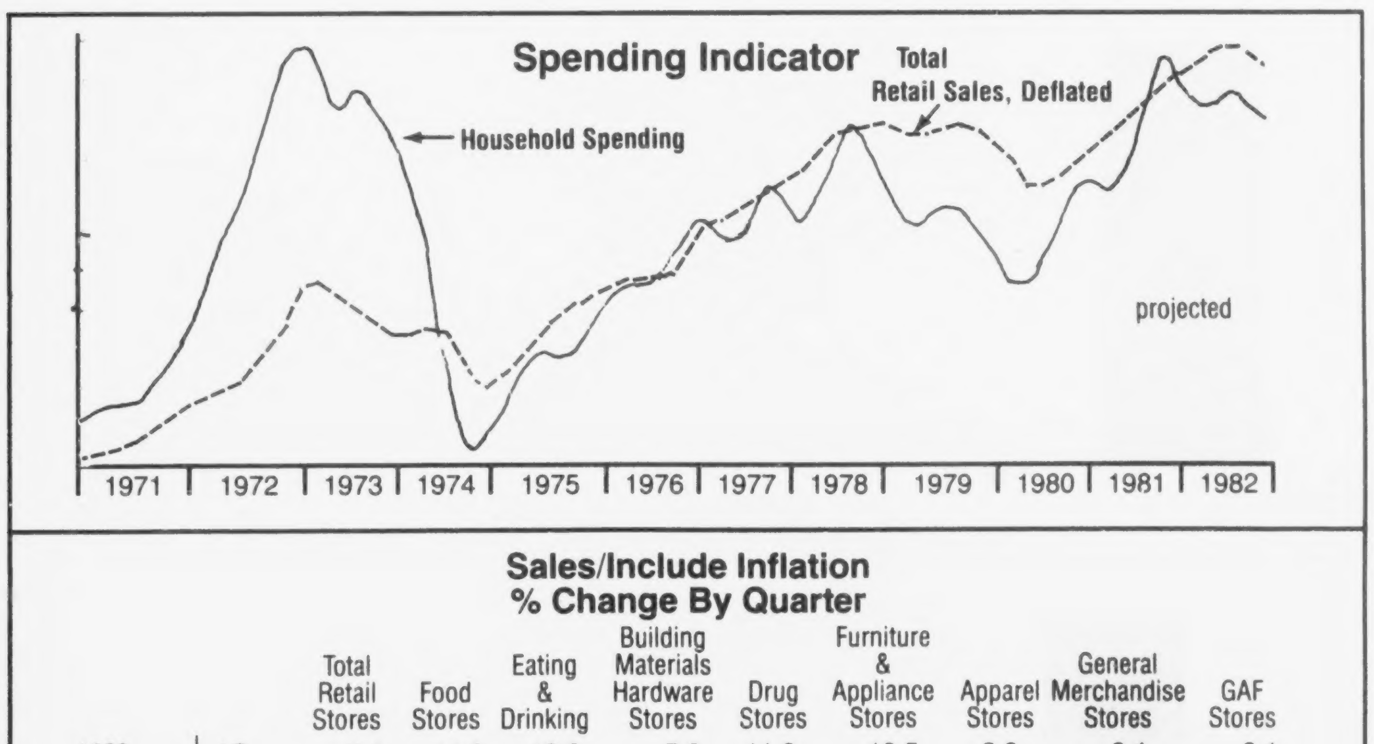
The L/F Econocycle projection forecasts a 5%-plus sales gain for the current quarter to back up a similar 5%-plus second quarter increase (see charts above).

Looking toward the third quarter, general retail sales are ticking slower than previously forecast—and are now projected slightly downward into the 4%-plus range (from previous expectations of 5% and more).

June sales in discount department stores far exceeded previous Econocycle forecasts, with many chains recording double-digit gains, even in comparable stores.

Target, for example, including the sales of Ayr-Way stores acquired during the third quarter of last year, had a sales increase of more than 50%. Excluding the Ayr-Way sales, the gain was 29%, most of which was same-store gains.

The first half has also seen a surge in unit sales of color televisions to retailers, up 20.3% over the first half last year. Video cassette recorder shipments rose 90% in the same period.



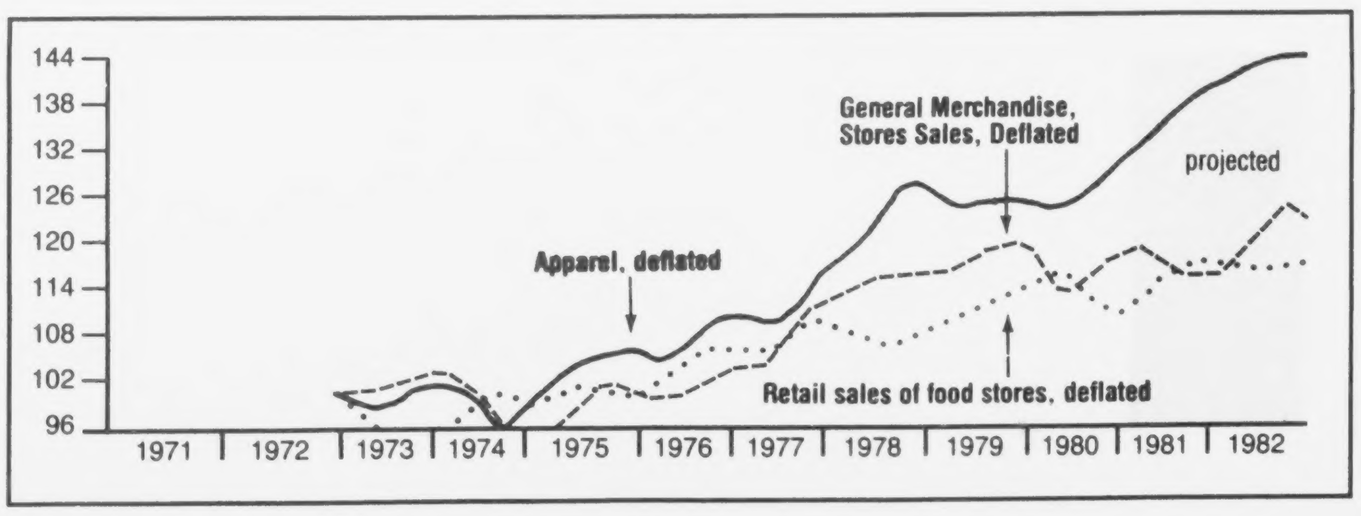
Sales/Include Inflation
% Change By Quarter

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Drug Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1980	1Q	9.4	11.0	10.2	7.2	11.9	10.5	3.3	9.1	8.1
	2Q	5.0	10.3	9.3	-8.4	11.2	2.5	4.6	4.8	4.3
	3Q	5.9	11.2	8.3	-1.5	10.3	1.0	4.3	4.3	3.5
	4Q	7.3	10.6	7.2	8.5	14.1	5.1	6.4	5.8	5.8
1981	1Q*	10.0	10.4	6.8	8.5	10.1	8.3	9.7	7.9	8.4
	2Q*	13.8	10.7	10.5	19.8	9.3	13.9	11.6	11.5	12.1
	3Q*	12.1	8.3	10.8	15.5	8.7	12.3	12.4	10.0	11.0
	4Q*	11.6	8.0	8.9	5.4	5.8	12.0	12.4	6.4	8.9
% change 12 mos.	1979	11.0	12.0	13.0	12.0	11.0	15.0	7.0	9.0	10.0
	1980	7.0	11.0	9.0	-3.0	12.0	5.0	5.0	6.0	5.0
	1981*	12.0	9.0	7.0	12.0	8.0	12.0	12.0	9.0	10.0

Real Sales (Deflated)*
% Change By Quarter

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Drug Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1980	1Q	-1.2	5.8	0.0	-2.6	3.8	4.9	-1.4	1.9	1.8
	2Q	-5.0	4.9	-0.1	-17.6	2.0	-3.4	0.5	-2.4	-2.0
	3Q	-4.2	2.0	-0.9	-18.5	0.5	-5.8	-0.2	-3.4	-3.3
	4Q	-2.9	-0.6	-1.8	-10.4	3.9	-1.1	1.5	-2.0	-1.1
1981	1Q*	0.5	-1.4	-2.6	-1.2	-0.0	2.1	5.8	0.9	2.2
	2Q*	5.7	-0.6	1.6	11.3	0.7	8.5	7.4	5.1	6.3
	3Q*	5.8	1.5	2.3	7.4	1.6	6.9	8.8	4.3	5.8
	4Q*	6.8	4.6	1.1	-2.3	0.2	5.0	9.6	0.5	3.4
% change 12 mos.	1979	1.0	2.0	2.0	4.0	4.0	9.0	3.0	3.0	4.0
	1980	-3.0	3.0	-0.7	-12.0	3.0	-1.0	0.1	-2.0	-1.0
	1981*	5.0	1.0	0.6	4.0	0.6	6.0	8.0	3.0	4.0

Base = April 1981 Sales
*Projected



About Econocycle

The source for the L/F Econocycle index is the Econostat Applied Economic Research Unit of The Hague, Holland. This unit consults for Government and major corporations on three continents. Its projection techniques are based on the Econocycle System, a computerized system designed by the Econostat team of economists.

Because of the changing pace of inflation in the United States, retail sales figures in the L/F Econocycle projections have been adjusted to take account of inflation. All statistics are shown in *real* terms. The charts (above, facing) represent the trend cycle. The data has been seasonally adjusted and smoothed—and is updated each month. Source for current sales and the deflator series is the U.S. Dept. of Commerce.

Where an *Index Base* is indicated, all data is converted to index numbers, starting from a common base (=100) in order to establish meaningful performance comparisons.

Hardware Show

Tradeups, Seasonals Score in Hardware

Nationwide DSN Report

After a generally strong year in seasonal goods—lawn furniture, ceiling fans, gas grills, bug-killer lights and mowers—a strengthening of consumer interest in other areas of the hardware department is also evident:

Step-up hand tools are reportedly doing well, as are higher-ticket power tools in both hand and bench-top models. Basic promotional stock in those categories are reportedly stagnant at many chains this year, however.

Buyers have generally focused on faster-turning merchandise this year in promotions, and made some floor-level changes in stores after last year's down year industrywide in basic hardware items.

"We have been promoting consumables in hardware this year, such as light bulbs and batteries, in order to generate repeat sales," said a spokesman at Pennsylvania-based Murphy's Mart. The chain is also building a larger program in power tool accessories, with a 5-ft. to 7½-ft. run planned, which is the same directions several others are taking this year.

Jamesway, Gee Bee and ALCO are among those concentrating on accessory sales, both in promotions and on the sales floor. ALCO devotes 6 ft. to power tool accessories and 4 ft. to power tools. Gee Bee decided to focus on accessories in promotions, but also changed its merchandising by doing away with 12-in. hanging hooks for carded merchandise.

"We have some 9-in. hooks now, but use mostly 6-in. and 3-in. hooks. By cutting down on the depth that way, we have freed up more dollars to use elsewhere," said a spokesman at Gee Bee.

The unquestioned hot category this season is ceiling fans, which most buyers feel is still a virgin market good for strong growth the next two seasons.

"We're having an excellent year, with a promotional model at 36 in. and step-up models at 48 in. and 52 in.," said a merchandiser at Pamida, which decided to go chainwide this year after tests last year.

Elsewhere, Heck's also decided to go chainwide after tests last year and is running a basic fan plus a step-up. T.G. & Y. pegged ceiling fans as the "biggest growth category" in hardware and imported several styles from the Orient this season. Caldor is promoting fans at more than $100. K mart offers several sku's in stores with building supply departments, with a high-end fan with wood blades at a $238 everyday price.

In seasonal goods, lawn furniture movement varied. Poor weather was cited by spokesmen at Magic Mart (Ark.) and Murphy's Mart for slow sales in some locations. At Zodys, a division of Hartfield-Zodys, a spokesman termed strong patio sales "a recovery year" after slow seasons the past two years.

A spokesman at S.E. Nichols cited reduced vacation travel as one factor in strong patio sales, as consumers spend more time at home. Nichols plans to bolster its lawn furniture with more redwood-type step-up sets.

Trade-up gas grills reportedly constituted most of the sales growth in that category, with clearouts of a model up to a $239 everyday price at Fishers Big Wheel and plans to double stock next season with trade-ups at Nichols. Murphy's Mart and ALCO are among chains considering grills for Christmas promotions.

Bug killers were strong sellers this year, with assortments in the industry running up to Meijer's Thrifty Acres' four sku's. A market is also developing for replacement bulbs at $7 at many chains. Formerly-hot string trimmers were a disappointment this year, buyers reported, as the market has passed its peak.

Step-up mowers such as self-propelled models were strong sellers, but buyer attention is now turning to deadman clutch requirements, which will boost mower prices in the future, generally by $20 to $35 per unit.

(Continued on page 65)

Higher-ticket Bench Models Are Eyed To Restore Lagging Power-Tool Biz

It has been an extremely slow year in basic power tools so far, and chains are looking to higher-ticket bench tools as one possible volume salvation.

Two significant developments from manufacturers also hold a promise of growth later this year: First, main supplier Black & Decker has put together a $5 rebate program on four of its Value Plus power hand tools for the Christmas season, as well as introducing new bench-top power tools and an electric stapler to create new-product growth.

Second, McGraw-Edison's power tools have been redesigned and repackaged under the Shopcraft name by a new company, Benchmark. Buyers at several chains expressed interest in the new line—though interest was greater in the bench-top tools than in the company's line of hand tools.

Chain buyers and distributors alike report stagnant sales in promotional hand tools this year—meaning a significant drop in unit sales, given cost increases that average 12% to 16% industrywide from a year ago.

Buyers report better movement in step-up power hand tools—generally following the thrust of Black & Decker's national advertising. Unlike the past few seasons, when chronic shortages in promotional models had hardware buyers upset, there is ample supply of product this year. The problem is softer demand.

Though summertime promotions at several chains—such as K mart, Heck's and Rink's—still featured basic promotional models in power hand tools near a $12 price point, the main trend in the industry has been toward the heavier and higher-ticket variable speed reversing drills and larger circular saws. This has pushed promotional prices in the category to $20 and more. Jefferson/Ward offered across-the-board reductions of 25% in power tools in order to stimulate growth.

"I think the demand for power tools is reaching a plateau," said a spokesman at Murphy's Mart, echoing the thoughts of many hardware buyers who feel the market is near its saturation point.

To stimulate growth in the category, Murphy's Mart has been running special promotions such as a Father's Day offering of B&D tools at $9.99. Included were the Jackrabbit pump, electric stud finder, portable vise and the drill guide. "The electric stud finder was the sleeper of the whole bunch," the spokesman said.

Several discounters, Murphy's Mart among them, are testing or have already begun to import bench-top tools such as promotional drill presses to take up the sales slack in the category. (Murphy's Mart runs a promotional drill press at $25.)

Pamida's mix is also an example of the trend to more sophisticated home power tools. A spokesman at the chain said: "Basic promotional power tools have been only so-so in sales, but the trade-up tools are doing better. The customer already has a drill and a saw. He's going to be looking for something else. We have drill presses in on a test-store basis, running up to $99, but it's too early to tell if we are going chainwide."

The problem in power tools in the past has been profitability—B&D items are often run on margins of only 3% to 5%—and a move to higher-

(Continued on page 65)

H. J. Wilson, Baytown, Tex., uses a mass-display approach similar to discount stores, by showing power tool samples above boxed stock with accessories displayed on long J-hooks. *(DSN photo)*

Dept. Size More Than Doubles in Last 10 Years

	1970	1975	1976	1977	1978	1979	1980	10-year change	5-year change	'80 vs. '79
Dept. Size (sq. ft.)	2,200	3,225	4,180	4,450	3,195	3,210	4,485	+104%	+39%	+40%
Annual Turns	2.7	3.5	3.5	3.3	3.1	3.0	2.8	+ 4%	−25%	− 7%
Volume Per Sq. Ft.	—	$ 82.00	$ 86.00	$114.08	$122.47	$132.91	$138.00	—	+ 68%	+ 4%
Initial Markup	38%	40%	43%	41%	39%	41%	42%	+ 11%	+ 5%	+2.4%
Gross Margin	35%	36%	36%	35%	34%	36%	37%	+ 6%	+ 3%	+2.7%

Source: DSN research

The increased investment most chains are making in the hardware department is apparent in the growth of the department size—which has more than doubled in the last 10 years—and the concurrent increase in sales per square foot, reflecting new lines and higher tickets. Like other departments, hardware had some slippage in inventory turns, but higher initial and maintained margins will hold the line on gross margin dollar production.

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PRODUCT MOVEMENT AUDIT

Interest Rates Inhibit Buildup Of Inventories

While June sales were strong, hardware buyers continued to play inventories close to the vest this spring, as a defensive response to high interest rates.

An unusually wet spring also kept seasonal department stocks on a short leash—so that even when the weather broke many buyers resisted building inventories, figuring it was a risk that late in the season.

As a result, the combination of the late spring and conservative buying by chains took its toll on June hardware and seasonal sales, putting us 15% behind last year's first-half sales, Ed Russ, executive vp, Stem Distributing, said.

Consequently, the distributor will continue to trim sku's—looking for the most productive items in each line—and find new ways to serve its custom-

(Continued on page 28)

Senate Bill Would Repay Retailers For Tris Losses

NEW YORK, N.Y.—In its most recent update of Government affairs, the National Mass Retailing Institute included the following news:

- The Senate approved S. 823, a bill which repays industry for losses incurred as the result of the 1977 Consumer Product Safety Commission ban on the use of Tris in children's sleepwear. Under the bill, retailers would be among those eligible to collect damages. Losses incurred by industry as a result of the ban have been estimated at $50 million. Under the terms of the legislation, the U.S. Court of Claims would decide suits filed by companies and order payment by the Federal Government.
- A number of bills have been introduced in both the House and Senate to provide for a subminimum wage for youth. Most of these bills set the youth subminimum at a certain percentage of the regular minimum wage; others would eliminate youths up to the age of 18 from the minimum wage law altogether. Hearings have been held on the various legislative proposals by the Senate Subcommittee on Labor.

The NMRI mailed its members a copy of "NMRI's Directory of the 97th Congress." The booklet is an invaluable aid for those members needing names and numbers of representatives in Washington. The binding of the book is designed so it can be taken apart for insertion of revised pages, which NMRI will distribute. Copies of the directory are available at no charge to NMRI retail members and at a nominal charge to others. Please write to: National Mass Retailing Institute, Congressional Directory, 570 Seventh Ave., Room 900, New York, N.Y. 10018.

HARDWARE

These figures for the 30-day period ended June 30, 1981, supplied by Stem Distributing, a division of Cook United, Maple Heights, Ohio, cover 600 stores including 480 discount department stores in 35 states. Average retail prices reflect typical price points for discount chains.

IMPORTS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	A3001 Int/Sls floorjack 1½ ton	232	58.50	13,572.00
2	T221 Int/Sls 21 pc socket set	561	7.84	4,398.24
3	T109 Int/Sls 21" bow saw	816	3.25	2,652.00
4	T208 Int/Sls ⅜" Drill 8 pc deep skt	366	6.58	2,408.28
5	T40 Int/Sls 4" bench vise	166	14.25	2,365.50
6	H125 Int/Sls Plastic Spline tools	1,872	1.18	2,208.96
7	A2000 Int/Sls Hydraulic Jack, 2 ton	200	9.96	1,992.00
8	T111 Int/Sls 30" bow saw	420	4.48	1,881.60
9	T199 Int/Sls Wood Handle S/D set 7 pc	420	4.48	1,881.60
10	T113 Int/Sls 7" one deep hole saw	768	2.23	1,712.64
11	T184 Int/Sls 6 pc combination wrench	288	5.79	1,667.52
12	T152 Int/Sls 16 oz tub claw hammer	457	3.52	1,608.64
13	T193 Int/Sls 5 pc O/E wrench set	384	4.09	1,570.56
14	T510/Pw10T Int/Sls Pipe Wrench 10"	336	4.48	1,505.28
15	T143 Int/Sls 6½" long nose pliers	654	2.23	1,458.42

LAWN & GARDEN

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	51125 Toro Trimmer/Weeder 900	1,234	28.17	34,761.78
2	301-400 AMCOR electric bug killer	234	110.56	25,871.04
3	SK 140 Paramount line trimmer 14"	380	57.01	21,663.80
4	1020 Diston G/shear cdless w/power pack	800	26.22	20,976.00
5	CE70/5602 Paramount Cordless trimmer	357	57.40	20,491.80
6	500/501-50 colorite Vinyl hose	4,870	3.36	16,363.20
7	575875 Signet hose ⅝" radial Z-7	942	12.51	11,784.42
8	1-6901 Bag-a-bug beetle trap	1,536	7.25	11,136.00
9	151[illegible]-50 Color ½ vinyl tire-cord	1,760	5.78	10,172.80
10	8216 Fletcher tomato support	4,824	1.97	9,503.28
11	61 Melnor rain osc sprinkler	1,800	4.83	8,694.00
12	XR1150 Elec Prod bug killer ½ acre	90	79.86	7,187.40
13	2503 Melnor traveling sprinkler	134	51.33	6,878.22
14	405850 Signet hose ⅝" reinforced	695	9.61	6,678.95
15	SLR tempr L & Handle round pt shovel	990	6.15	6,088.50

BLACK & DECKER

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	7308 7¼" circular saw	426	36.38	15,497.88
2	7127 ⅜" Drill var speed rev	610	22.05	13,450.50
3	9330 Dustbuster	429	28.92	12,406.68
4	8215 Lawn edger utility	154	53.72	8,272.88
5	7404 Sander dbl/Ins	355	21.32	7,568.60
6	79-020 Bench Workmate	184	37.83	6,960.72
7	7104 ⅜" drill dbl/insul	314	16.53	5,190.42
8	7190 ⅜" drill v/s rev-lock	160	31.24	4,998.40
9	71013 13 pc H/S drill set	472	10.52	4,965.44
10	95-100 Electronic stud finder	456	10.87	4,956.72
11	7504 Jig saw dbl/insul	324	13.30	4,309.20
12	7004 ¼" drill dble/insul	340	12.62	4,290.80
13	79-003 Workmate single htg	80	47.07	3,765.60
14	7300 5½" Circular saw	133	28.28	3,761.24
15	7035 ¼" Drill vs rev trade	65	53.97	3,508.05

TOOLS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	TX9 Bernz fuel cylinder	3,636	2.47	8,980.92
2	UL100 Bernz Propane blow torch	882	9.43	8,317.26
3	T50 Arrow Staple gun chrome	422	15.39	6,494.58
4	OX-2500 Bernz tote torch kit	153	32.99	5,047.47
5	PL 316 Stan 16' Powerlok tape	490	9.25	4,532.50
6	K110 USM multihead Rivet tool	511	7.37	3,766.07
7	PL 320 Stan 20' Powerlok tape	354	9.97	3,529.38
8	PL425 Stan 25' Powerlok tape	316	11.07	3,498.12
9	211 ½ Stan HMR 16 oz CLW wood/handle	671	4.84	3,247.61
10	JT25 Bernz Torch kit Plastic Box	144	21.22	3,055.68
11	PL10 Stan 10' Powerlok tape	576	5.17	2,977.92
12	ST1A Stan hammer 20 oz Rip stl	234	12.72	2,976.48
13	206 Trucraft 6 adj wrench chrome	584	4.76	2,779.84

(Continued on page 28)

Here's the product 9 out of 10 super glue users have been hoping someone would invent

Henkel
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ULTRA™
super glue
"Works on almost everything"
New Formula Breakthrough
NO CLOG tip
Wood
Leather
Smooth fabrics
Polystyrene
Cork
PVC vinyls
Rubber
Glass
China
Porcelain
Ceramics
Plastic
Aluminum
Steel
WARNING: EYE IRRITANT. BONDS SKIN IN SECONDS. (See back panel)
ULTRA super glue

No clog bottle

"Works on almost everything"

Your customers will prefer new Ultra over the best selling brands combined because it has a breakthrough multi-purpose formula.

Independent consumer research shows that customers prefer Ultra over the best selling brands combined by a margin of ten to one. And it proves that your customers will buy new Ultra because it does what they want, it "works on almost everything."

No more double inventory

Because new Ultra "works on almost everything," you no longer need one glue for wood and leather and another for other materials. That eliminates double inventory, double stocking and double paper work. New Ultra eliminates work for you and increases your profits at the same time.

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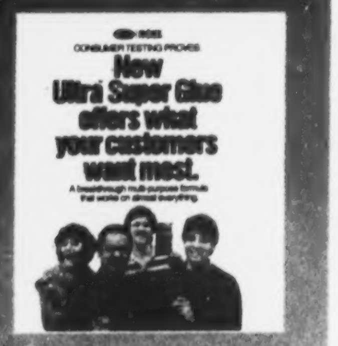
New Ultra comes in a striking easy to read, easy to find package that really sells. It tells your customers exactly what it will work on. Big and bold. Add to this the dynamic counter and floor displays that work hard to move the products for you and you'll experience super satisfaction in super glue sales. Best yet, new Ultra will build return sales for you. Once your customers use new Ultra they'll be back for more. Because the more often people use Ultra, the more uses they'll find for it.



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PMA

PRODUCT MOVEMENT AUDIT

Inventories

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ers. "For the first time this spring we put a flyer together for one of our customers and then supplied it with all of the goods advertised," a buyer for the distributor said.

The flyer, a 12-page, newspaper-distributed insert, contained roughly 150 sku's—"a good mix of automotive, hardware, plumbing, electrical, hardware and sporting goods items." He added: "This was the first time we put a package together for consumers, and we plan to do more of it in the future."

To trim sku's, Russ said the company is looking closely at its power tool line: "We are seriously thinking of getting out of Skil and cutting back on Wen," Russ said. "We may decide to keep one or two Skil items, but we will make our final decision within the next 30 days."

As for Wen: "We'll continue to carry the line but not to the extent we have in the past. One area where we definitely will get out of the Wen business is chain saws. I do not anticipate replacing them with anyone else because it's generally a direct business."

The bulk of the distributor's power tool business will be in Black & Decker, and new product introductions by the giant manufacturer may force further trimming in the Stem warehouse.

Two new B&D items, an electric tacker and a nail gun, will compete with Swingline and Arrow models, and may eventually preempt them from Stem's listing. In any case, the new B&D items will take business from Arrow and Swingline.

Year-to-date sales of power

(Continued on page 29)

Utah K mart Has Remodeled Interior

LAYTON, Utah—The 95,000-sq.-ft. K mart recently opened here, just north of Salt Lake City, is one of the first western stores to incorporate the chain's remodeled interior design tested in Indianapolis units last fall.

Counter heights have been raised to 6 ft., allowing for more backup merchandise on the selling floor, and several department adjacencies have been shifted to what K mart officials consider more logical locations.

The delicatessen area has been relocated behind the checkouts, instead of in front of them in the main store, to allow customers to purchase perishables last, and the jewelry and camera department has been shifted into the former delicatessen area, near the entrance to the store.

The Layton unit also utilizes the better-defined home center, encompassing building materials, hardware, power tools, horticulture, electrical supplies, lighting and a variety of home improvement/do-it-yourself items in a single large department.

HARDWARE

(Continued from page 27)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	POWER TOOLS			
1	943 Wen 7" sander polisher	160	47.37	7,579.20
2	8200 Pk weller 100/140 W solder gun	250	18.65	4,662.50
3	1150 Pro-arc Arc welder kit 115 volt	34	113.81	3,869.54
4	PR Wen 3" Belt sander dbl/ins	73	47.37	3,458.01
5	574 Skil 7¼ 1¾ HP circular saw	86	39.38	3,360.88
6	1050 Pro-arc Arc welder kit 115 volt	46	69.38	3,191.48
7	W-280 Wagner power painter	30	98.44	2,953.20
8	490 Skil st/line/orbital sander	61	39.09	2,384.49
9	497 Skil blx var/speed jig saw	47	43.17	2,028.99
10	584 Skil var/rev ⅜" drill	66	29.31	1,934.46
	PLUMBING			
1	PM3600 Flo Plastic pump pedestal	70	68.02	4,761.40
2	2125 Ketstone Portable add-a-shower	222	19.90	4,417.80
3	560 U-Plm toil tank repair kit	630	5.33	3,357.90
4	TC8300 Aqua Lav faucet w/popup Zhan	112	27.85	3,119.20
5	TC1100 Aqua Kitchen faucet 2 handle	111	24.23	2,689.53
6	88TM White Al/amer wood toilet seat	336	6.84	2,298.24
7	SC3000 Flo cast Iron Pump-submers	17	110.98	1,886.66
8	B600 Manco duct tape 2" X 60 yd	353	4.68	1,652.04
9	5102 Nasco Master Plumber quart	1,272	1.25	1,590.00
10	DMP 21 HK Flo Drill Pump kit w/hose	230	6.09	1,400.70

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	PAINT			
1	0013 Formby 32 oz Furniture refinish	726	7.75	5,626.50
2	2766/7792 13 oz Rust gloss white	1,296	2.68	3,473.28
3	634/7779 13 oz Rust gloss black	1,164	2.68	3,119.52
4	1501 Borden Krylon gloss white 13 oz	1,008	2.43	2,449.44
5	769/7769 13 ox Rust red primer	810	2.68	2,170.80
6	412/7776 13 oz Rust matte black	738	2.68	1,977.84
7	7278/7777 13 oz Rust satin black	630	2.68	1,656.24
8	470/7715 Pt rust gloss black	342	4.61	1,576.62
9	634/7779 qt Rust gloss black	342	4.61	1,576.62
10	1601 Borden Krylon gloss black 13 oz	624	2.43	1,516.32
	PAINT SUNDRIES			
1	LN601S Macco Liquid nail adhesive	7,248	1.30	9,422.40
2	201-WHT Easy caulker foam caulk	2,328	3.32	7,728.96
3	409-TTA-90 EZ 9 in Twin Pak covers	7,632	0.80	6,105.60
4	938-TAP-90 E Z 3 pc paint set	2,358	2.36	5,564.88
5	584/PKI/MK-410 Masking tape ¾ x 40	9,408	0.53	4,986.24
6	200BX Krazy glue 0.07 fl oz	4,000	1.09	4,360.00
7	01103 Savo Pt/remover paste strpee	368	9.56	3,518.08
8	1304S/G104-AO-73 EZ 4 pc brush set	1,872	1.69	3,163.68

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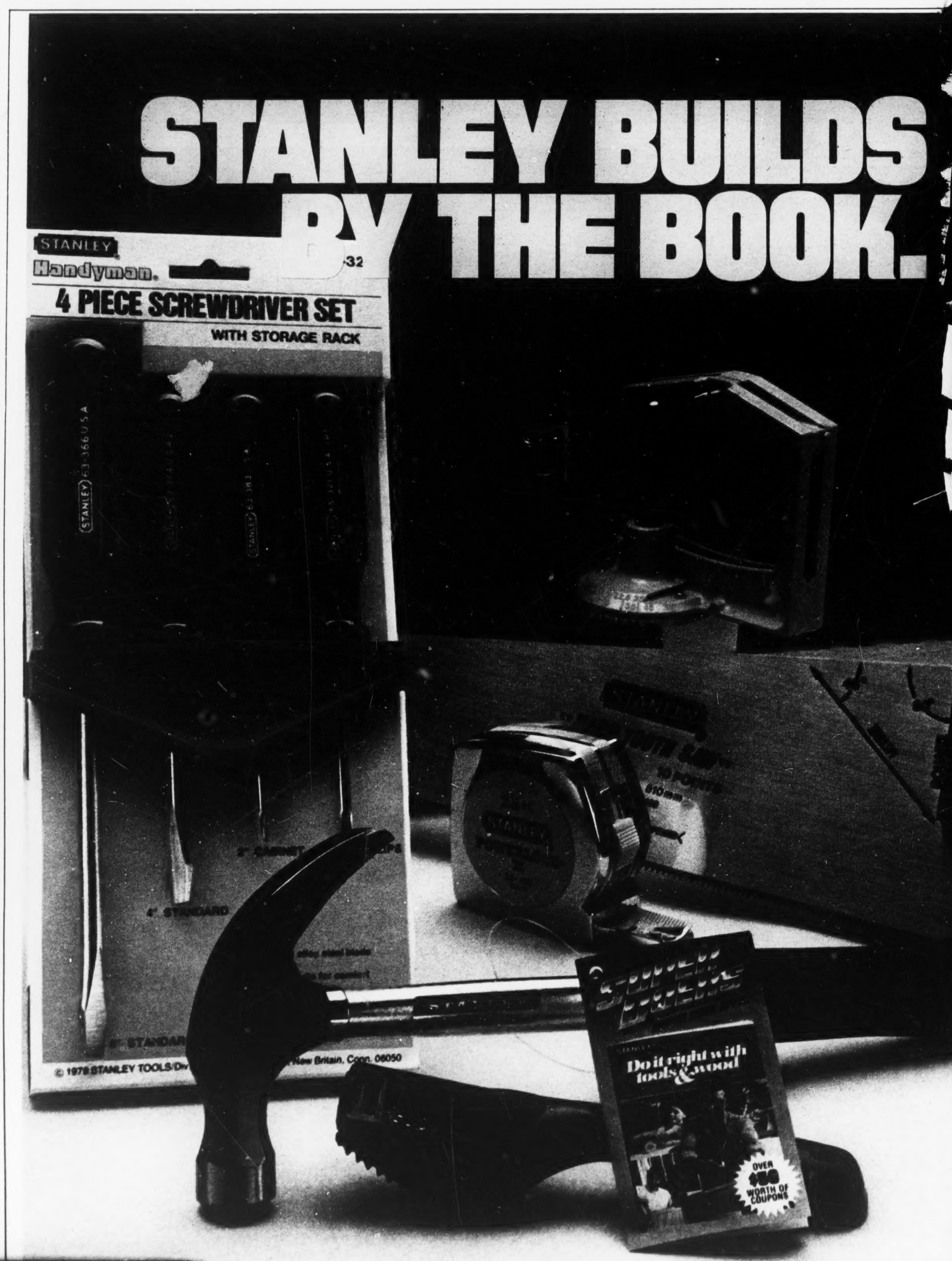

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HARDWARE

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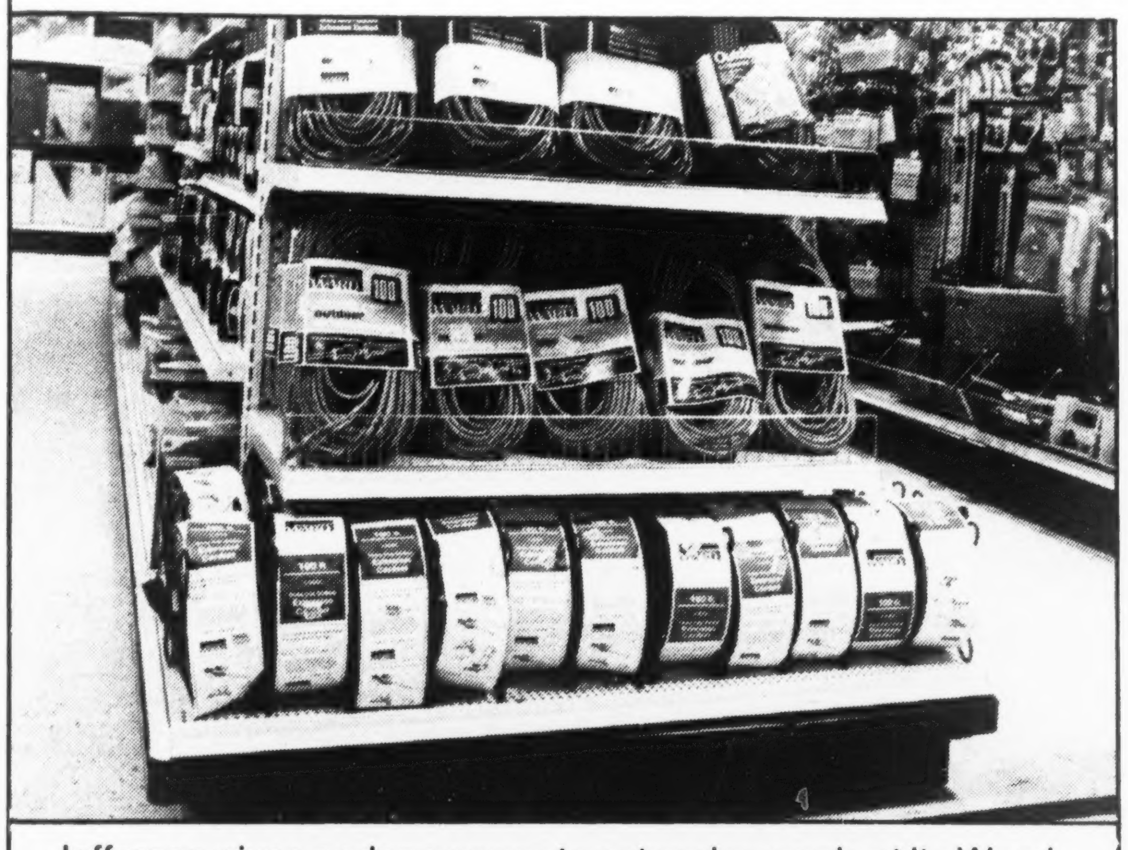

Jefferson gives endcap space to extension cords at its Woodbury, N.J., store. The cord assortment carries the label of the chain's parent, Montgomery Ward. *(DSN photo)*

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	ELECTRICAL			
1	3354-50′ 16/3 Rd cord ext outdoor	768	7.69	5,905.92
2	CFL22 con-serv Fluor lite scru-in	492	9.92	4,880.64
3	3151-50′ 16/2 Rd cod-ext outdoor	683	6.85	4,678.55
4	DR 600RS lutron UL Rotary dimmer R	562	4.07	2,287.34
5	3302-100′ 13/3 RD cord ext-outdoor	173	13.06	2,259.38
6	3101-100′ 16/2 RD cord ext-outdoor	179	12.04	2,155.16
7	1219-60 Tape import PVC ¾ x 6 oftc	3,848	0.55	2,116.40
8	SL-IK Flor shop lit comp 40 W-48″	114	16.14	1,839.96
9	104 Amp all purpose elect repair kit	147	10.80	1,587.60
10	U100 Aliance Tena-Rotor Automat	27	51.09	1,379.43
	HOME IMPROVEMENT			
1	G2420 garbage bag H.D. 26 gal/20 cn	5,640	2.54	14,325.60
2	310 BLK Natco rub mating 36 x 105′	32	250.56	8,017.92
3	36 in/736 screen wire alum 7″	1,700	3.57	6,069.00
4	40061-36-9 Peer chain TWLP 2/0 20 orl	88	49.83	4,385.04
5	30 in 730 Screen wire alum 6′ 4″	1,620	2.68	4,341.60
6	24 in/724 Screen wire alum 6′ 4″	1,800	2.25	4,050.00
7	WDP-2 Manco Wonderstrip brown	936	4.15	3,884.40
8	WDP-1 Manco Wonderstrip white	936	4.15	3,884.40
9	730 Perfection portable heater UL	92	41.61	3,828.12
10	40302-36-1 Peer chain PRF	27	124.57	3,363.39

PMA®

PRODUCT MOVEMENT AUDIT

Inventories

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tools, including B&D, are down roughly 7.5%, but some of that is due to B&D filling its pipeline in the first half of 1980 after months of product shortages.

For example, in June 1980 the distributor sold 2,136 units of the #7127 ⅜-in. variable speed reversible drill; this June it sold 610. "Last June we finally started getting goods that had been out of stock for six months," Russ explained.

This June some plus business in the category came from B&D's new #7308 7¼-in. circular saw. "We sold 426 pieces in June," Russ said, "and a B&D price cut on the item (at presstime) will further stimulate sales—and hurt Wen."

The power tool business will remain relatively stable for the next couple of months, "then we'll begin to play up the category in our promotions geared for Christmas," he noted.

In lawn and garden, record sales of Toro's #900 trimmer/weeder (1,234 units sold in the 30-day period this year compared to 393 in the same period a year ago) were due in part to a Stem closeout. "We found that a number of our customers declined to promote the item this year," a Stem buyer reported.

The experience, however, has not changed his plans for next year. "We'll remain in the category with gas, electric and cordless models," he said, adding that sku's and vendors for next year had not yet been decided.

Unit growth will come from gas-powered models, but dollar volume will come from electric-powered units, he said.

Bug killers are a growing category. Sales of Amcor's 301-400 were up 25% over June 1980's volume, and Electric Products' XR1150 made it into the top listing for the first time.

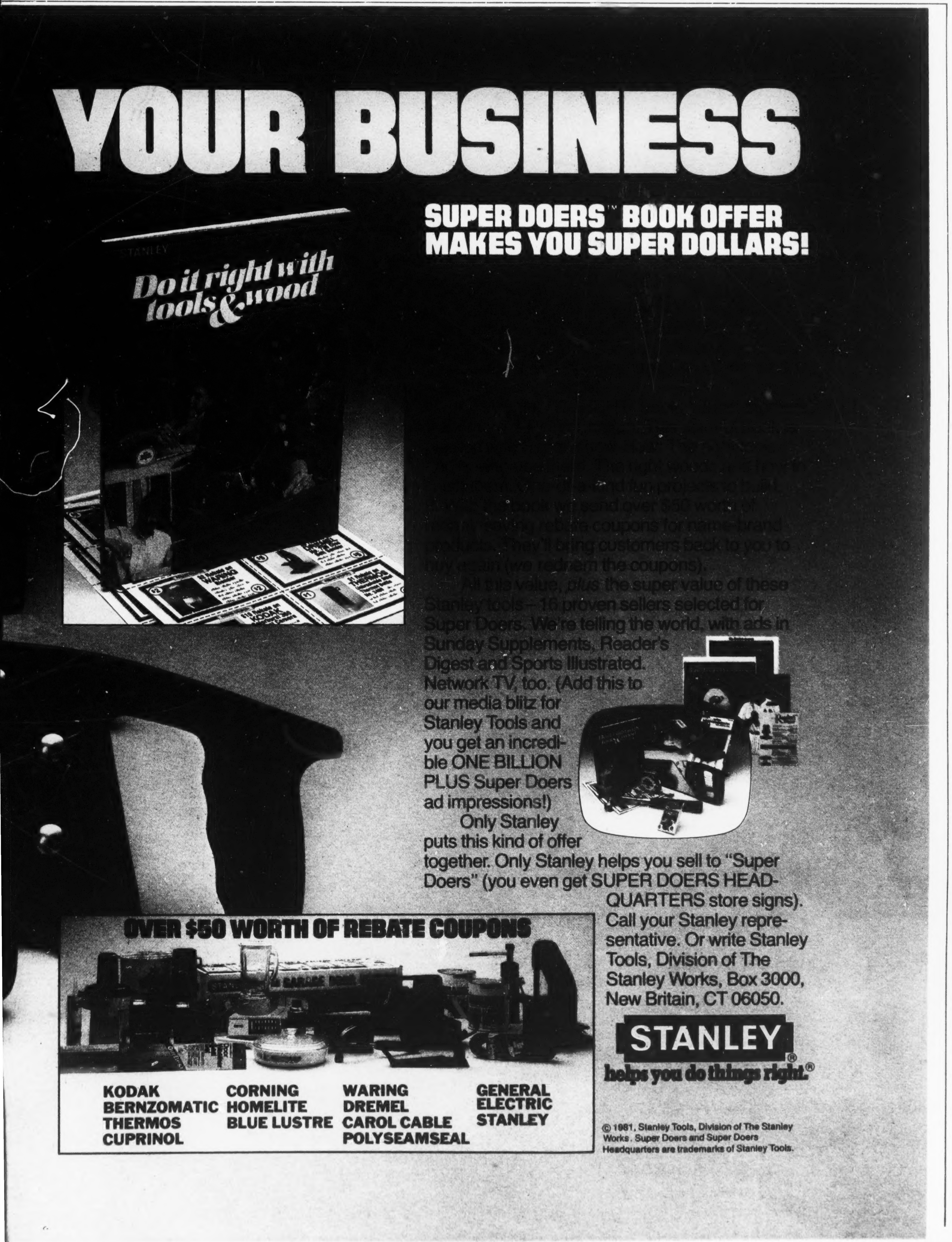
Another growing seasonal category (listed on the paint sundries PMA) is aerosol caulking.

Its sales were just beginning to move at presstime—and thus showed only light movement on the June PMA (the latest period for which figures were available)—but by the end of the prime Aug. 1 to Sept. 30 period, the buyer expects to see a 15% to 20% increase in the category's volume.

Month's Business Up 51% at Target

MINNEAPOLIS—Target Stores reported an increase of 51% in June sales (including the sales of acquired Ayr-Way stores), and 29% not including the Ayr-Way results.

Target's parent corporation, Dayton Hudson, reported an overall sales gain of 31.4% in June, to $428.3 million. Excluding the Ayr-Way sales, Dayton Hudson's sales gain was 23.4%. Same-store gains for Dayton Hudson were 12.5% for June and 10.5% for the 22-week period ended July 4. Target usually leads Dayton Hudson in same-store gains, so comparable Target stores sales gains in June probably exceeded 12.5%.



YOUR BUSINESS

SUPER DOERS™ BOOK OFFER MAKES YOU SUPER DOLLARS!

[illegible] The right wood [illegible] and fun projects to build. [illegible] book we send over $50 worth of money-saving rebate coupons for name-brand products. They'll bring customers back to you to buy again (we redeem the coupons).

All this value, *plus* the super value of these Stanley tools—16 proven sellers selected for Super Doers. We're telling the world, with ads in Sunday Supplements, Reader's Digest and Sports Illustrated. Network TV, too. (Add this to our media blitz for Stanley Tools and you get an incredible ONE BILLION PLUS Super Doers ad impressions!)

Only Stanley puts this kind of offer together. Only Stanley helps you sell to "Super Doers" (you even get SUPER DOERS HEADQUARTERS store signs). Call your Stanley representative. Or write Stanley Tools, Division of The Stanley Works, Box 3000, New Britain, CT 06050.

OVER $50 WORTH OF REBATE COUPONS

KODAK
BERNZOMATIC
THERMOS
CUPRINOL
CORNING
HOMELITE
BLUE LUSTRE
WARING
DREMEL
CAROL CABLE
POLYSEAMSEAL
GENERAL ELECTRIC
STANLEY

STANLEY®
helps you do things right.®

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PMA®

PRODUCT MOVEMENT AUDIT

It's Green Light For the Plant Accessory Biz

By Marvin Deneroff
General Manager,
Hardware Distributors

Discounters jockeying for inventory position to offset the pressures of the economy have prompted distributors to do the same.

In the last six months we have made many changes in our merchandise assortment including reworking our seasonal lawn and garden mix, and reshaping our low and high price-point ranges in many of the hardware categories.

In lawn and garden, for example, we have completely changed our orientation, moving away from the chemicals, lawn care equipment, and hoses we have always carried and moving into the planter business and plant accessories.

We got into the business about six months ago in response to our customers' needs and it has become a very profitable category.

In hand tools we expanded our Cooper and Stanley lines by about 50%. We found that to really do a job in hand tools, we needed a longer line. At the same time, we also added some higher-priced items because we find that consumers are more willing to spend a little more for better quality. These sales, though, have not come at the expense of tool sets which are still doing well.

In fact, the two top-selling items on this month's PMA were tool sets: First place went to Bostitch's Pop-Rivet tool kit which carried an average retail of $9.99, while second place went to Fuller's six-piece combo wrench set, also retail priced under $10.

Both of these items continue to be prime candidates for department promotions with discounters generally knocking $2

(Continued on page 36)

Mfrs.' Shipments Of Appliances in June Rise 29%

CHICAGO—Appliance manufacturers shipped 3.1 million major appliances in June, a three-year high for the month and an increase of 29% over June 1980. According to the Association of Home Appliance Manufacturers (AHAM), the 3.1 million units included gains in almost every category.

Room air-conditioners rose more than 100% from last June. Dishwashers (18.2%), disposers (18.1%), refrigerators (19.8%), and clothes washers (18.1%) all rose just less than 20%, while microwave ovens (27%) and clothes dryers (25.8%) performed even better. Freezers and electric ranges also gained, but were limited to 7.8% and 14.1% advances, respectively.

Room air-conditioners and microwave ovens continued to pace the shipment increases for the year, with first-half gains of 49.9% and 35.4% respectively.

HARDWARE

These figures for the 30-day period ended June 30, 1981, supplied by Hardware Distributors, Secaucus, N.J., cover 350 stores, including 141 discounters in 20 states east of the Mississippi. Average retail prices reflect typical price points for discount chains.

LAWN & GARDEN

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Plymouth ⅝ x 50′ hose	534	7.99	4,266.66
2	US Leisure 9″ clay pot	354	6.99	2.474.46
3	Phillips AW21 56-oz watering can	900	2.29	2,061.00
4	Cord Craft 03 rope crafted adj	240	5.29	1,269.60
5	Koba Corp 8-in hanging basket	1,140	0.99	1,128.60
6	Cord Craft 052 rope bulky design	288	3.49	1,005.12
7	Cord Craft hi rope braided olefin	444	2.19	972.36
8	014 rope w/4 beads	360	2.19	778.40
9	America 32-oz bottle plant spray	384	1.79	687.36
10	Misco CP800 8″ cylinder pot, brwn	180	3.79	682.20
11	Misco CP800 8″ cylinder pot, sand	180	3.79	682.20
12	Phillips WL6 6⅜″ wet/look pot	372	1.79	665.88
13	Dynamic marble hang onyx	400	1.59	636.00
14	Phillips WL7 7½″ wet/look pot	252	2.49	627.48
15	US Leisure 10″ clay pot	144	4.29	617.76

HAND TOOLS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	USM Corp K110 pop-rivetool kit	431	9.99	4,305.69
2	Fuller 1374 6-pc comb wrench set	239	9.99	2,387.61
3	Cooper Grip Y25 ¾ x 25′ yellow Mezurlo	133	14.99	1,993.67
4	Stanley PL12 12′ Powerlok tape	250	7.49	1,872.50
5	Peterson 6LN 6″ Vise-Grip long	209	8.29	1,732.61
6	Cooper Grip Y16¾ x 15′ yellow Mezurlo	120	13.99	1,678.80
7	Peterson 10Wr 10″ Vise-Grip w/cu	161	8.29	1,334.61
8	Fuller 1474 6-pc OE wrench set	187	8.49	1,587.63
9	Roe Inter PC100 100′ long tape	131	11.49	1,505.19
10	Fuller 8″ adj angle wrench #8	223	6.49	1,447.27
11	Fuller #16 campers axe w/sheath	159	8.99	1,429.41

HARDWARE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Amer Built 2″ x 10 yds duct cloth	2,568	1.29	3,312.72
2	Storm king door closer	326	6.49	2,115.74
3	Handi-Man HC15 Fastener shop chest	144	12.99	1,870.56
4	Ideal sec SK95 doorcloser silver	268	5.99	1,605.32
5	Amalgamated PP45 400′ PP cot twine	1,800	0.89	1,602.00
6	Amalgamated NBH65 50′ nylon braid rope	444	3.59	1,593.96
7	Amalgamated PPC1 ¼″ x 100′ poly rope	312	4.99	1,556.88
8	Ferum 10 x 12″ grey shelf brack	1,512	0.99	1,496.88
9	Arno tapes B704 14 yds tiger tape	467	3.19	1,489.73
10	Arno tapes RT25 2″ ducttape	708	1.99	1,408.92
11	Gemini ST10B Mailbox RFD#1 Black	166	7.99	1,326.34
12	Closet 1040 4′ shelf white	108	11.99	1,294.92
13	Ideal SK11 Pushbutton latch	148	7.99	1,182.52
14	Closet 1030 3′ shelf white	114	9.99	1,138.86
15	Closet 8021 18″ 3-tier rack	78	13.99	1,091.22

POWER TOOLS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	B&D Dustbuster	582	36.99	21,528.18
2	B&D 9600 Stowaway step stool	665	25.99	17,283.35
3	B&D 7127 ⅜″ drill VSR	139	28.99	4,029.61
4	B&D 7308 7¼″ circ saw	72	46.99	3,383.28
5	B&D 7224 ½″ drill double handle	36	53.99	1,943.64
6	Shelton HP1030 10 gal jet vac wet	19	94.99	1,804.81
7	B&D 7104 ⅜″ drill	76	20.99	1,595.24
8	Shelton HP535 5-gal fet vac wet/dry	21	74.99	1,574.79
9	B&D 7504 jig saw	87	16.99	1,478.13
10	B&D 7390 V/P 7¼″ dlx oir	20	61.99	1,239.80

(Continued on page 36)

SAVE A FEW THOUSAND DOLLARS WITH GE's FREE LIGHTING ENERGY AUDIT.

General Electric Watt-Miser® II fluorescents and other GE energy-efficient light bulbs saved a bank in Maryland $2,000 a year, saved JCPenney $19,000 a year *in one store*, and saved Sloan's $24 *a fixture* in its 41 supermarkets, or nearly a half a million dollars a year.

Many other GE customers are saving thousands of dollars just by replacing the standard lighting products in their existing fixtures. That's why lighting energy savings offer one of the *quickest paybacks* of any energy saving you can make, with no capital investment.

Maybe GE can save you lots of money too. All you have to do is cut out the form below, fill it out and mail it to us.

When you do, you'll receive a *personalized* computer-generated analysis of potential savings and other benefits when using GE energy-efficient lamps.

WE BRING GOOD THINGS TO LIFE.

GENERAL ELECTRIC

C-150C

SEE WHAT YOU CAN SAVE WITH GE's FREE LIGHTING ENERGY AUDIT.

Fill out this form and mail to General Electric Company,
7 Lighting Energy Audit, Department DS-1, Nela Park, Cleveland, Ohio 44112.

Now in use	Total Number	Lighting hours per week
Standard Fluorescents		
12 4′ F40/RS	______	______
20 8′ F96	______	______
28 8′ F96HO	______	______
36 8′ F961500MA	______	______
Recessed Downlight Floods		
44 75R30/FL	______	______
52 150R/FL	______	______
Incandescent Bulbs		
60 60 Watt	______	______
68 100 Watt	______	______
PAR-Lamps		
76 150PAR/FL	______	______
84 150PAR/SP	______	______
Mercury		
92 400 Watt	______	______

Now in use	Total Number	
Ballast		
4′ F40/RS	______	100
8′ F96	______	105
8′ F96HO	______	110
8′ F961500MA	______	115

My energy rate is $ ___.___ per kilowatt hour 120
(Divide total dollars from your last bill by total kilowatt hours used.)

Please send the savings analysis to:

Name____________________ 124
Company____________________ 159
Address____________________ 194
City__________ State__________ 229
Zip Code____________________ 264
Phone____________________ 269
☐ Please have someone come out and help me fill out this form. 294
____________________ 295

Fill out this form and mail to General Electric Company,
Lighting Energy Audit, Department DS-1, Nela Park, Cleveland, Ohio 44112.

PMA

PRODUCT MOVEMENT AUDIT

Green Light

(Continued from page 35)

or $3 off the everyday price to generate traffic in the area.

Security hardware has also become a big category for us. We still keep a basic inventory but we have expanded our mix by about 20% by adding other types of chain door locks and timers, and we also expanded our padlock and deadbolt assortment.

In this last group for example, we added some better-price deadbolts—in the $22-to-$24 range. We don't do a big business at this end but we find that our customers like to keep one or two of the better-priced sets around.

Elsewhere in the category, and in plumbing and electrical, it's been business as usual, with June ordering a little heavier only to carry us through July when many manufacturers close for vacation.

The power tool business has just not been good since last Christmas, and we will be more conservative for the fall.

Our plan is to stick with the utility tools and a few step-up items. With this game plan in mind, it seems doubtful that the new Black & Decker products will be terribly meaningful to us. It is likely that we will add the electric stapler in the fall, but we'll probably pass on the new bench grinder which at roughly $79 is priced out of our market.

Accounting Practices Surveyed

NEW YORK, N.Y.—A recent survey of accounting practices among retailers, conducted by Arthur Young & Co., showed the following:

- Most retailers (44.7%) use the traditional retail inventory method (RIM) or LIFO/RIM (42.1%).
- Among companies with sales in excess of $100 million, 52.8% use LIFO/RIM, compared to 33.3% of companies with sales under $100 million.
- Department sales and mass merchandisers are most likely to use LIFO/RIM (60%).
- More than three-quarters of the companies not using LIFO have considered making the switch. Reasons most commonly cited for not using LIFO included cost of calculation (28%), "no benefit to the comany" (24%) and "markdowns too high" (16%).
- Of all companies using LIFO/RIM, 60% use indexes prepared by the Bureau of Labor Statistics (BLS).
- Of companies not using the BLS indexes, most (57.9%) claim the specialized nature of their business makes it impossible. More than one-quarter of these companies believe their own indexes are more accurate than the BLS indexes.
- Of the companies using LIFO/RIM, 75% calculate their LIFO inventories once a year. Companies with sales in excess of $100 million are likely to calculate LIFO inventories more frequently than once a year.

HARDWARE

(Continued from page 35)

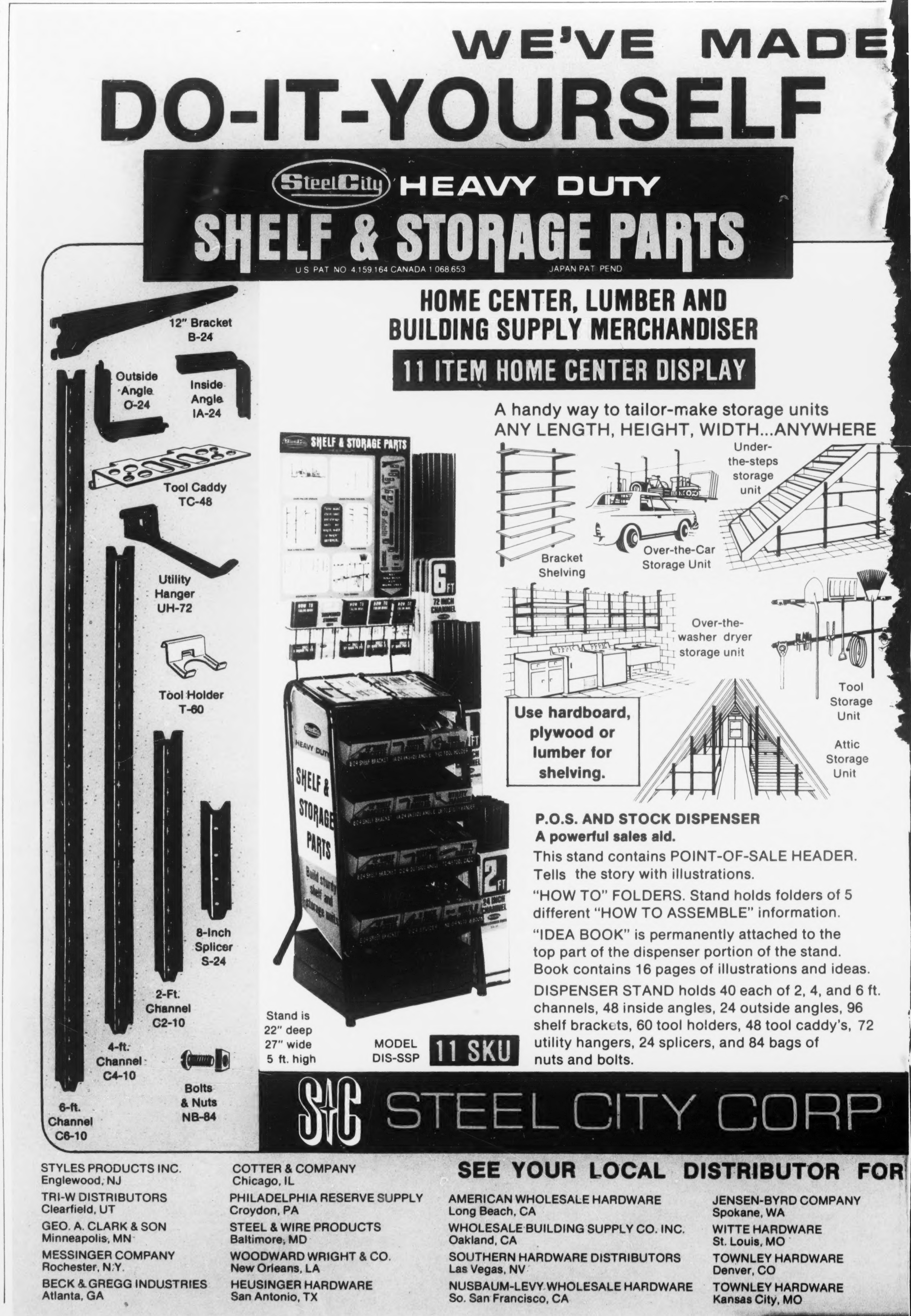
ELECTRICAL WIRING DEVICES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Carol cabl 16/3 soft rd orange	850	9.99	8,491.50
2	Carol cabl 14/3 6" a/c cord beige	891	3.29	2,931.39
3	Manco tape ¾ x 60" PVC UL electri	4,940	0.59	2,914.60
4	Carol cabl 16/2 50' rd orange U/L	278	9.99	2,777.22
5	Cable elec 22707 Nitelite ivory	1,364	1.99	2,714.36
6	Carol cabl 16/3 100' rd orange U/L	148	17.99	2,662.52
7	Carol cabl 16/3 50" flat yel U/L	242	9.99	2,417.58
8	Cable elec 22324 3 to 2 cap adapter	1,894	1.19	2,253.86
9	Carol cabl 16/3 100' flat yel U/L	105	19.99	2,098.95
10	Cable elec 49685 6 outlet tap w/grn	480	4.29	2,059.20
11	Carol cabl 14/3 9' AC cord beige	486	3.99	1,939.14
12	Gemini XL100 100' TV foam wire	214	8.49	1,816.86
13	Gemini J-51 51 Element TV antenna	22	79.99	1,759.78
14	Gemini solid state rotor MR-2	26	64.99	1,689.74

PLUMBING

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Melard 334 Add-on shower 30x24	134	22.99	3,080.66
2	Sterling 8329 Econ Kitchen faucet	141	20.99	2,959.59
3	Sterling 8129 Kitchen faucet twin	88	28.99	2,551.12
4	Sterling 7239 Kitchen faucet single	42	47.99	2,015.58
5	Melard 1600 Toilet tank repair	227	8.49	1,927.23
6	6379 Economy bath faucet	108	15.99	1,726.92
7	Melard 361 Shower head w/flow	180	9.49	1,708.20
8	Sterling 8139 Kitchen faucet twin	41	38.99	1,598.39
9	Melard 360 Executive shower head	258	5.79	1,493.82
10	Melard 1422 Super plunger	348	4.19	1,458.12
11	Melard 1501 31/2" basket strai	552	2.19	1,208.88
12	Melard 20903 11/2" J-bend/ki	210	5.29	1,110.90

(Continued on page 37)


WE'VE MADE
DO-IT-YOURSELF

SteelCity HEAVY DUTY
SHELF & STORAGE PARTS
U S PAT NO 4 159 164 CANADA 1 068 653 JAPAN PAT PEND

HOME CENTER, LUMBER AND BUILDING SUPPLY MERCHANDISER

11 ITEM HOME CENTER DISPLAY

A handy way to tailor-make storage units
ANY LENGTH, HEIGHT, WIDTH...ANYWHERE

Use hardboard, plywood or lumber for shelving.

Stand is 22" deep 27" wide 5 ft. high

MODEL DIS-SSP

11 SKU

P.O.S. AND STOCK DISPENSER
A powerful sales aid.

This stand contains POINT-OF-SALE HEADER. Tells the story with illustrations.

"HOW TO" FOLDERS. Stand holds folders of 5 different "HOW TO ASSEMBLE" information.

"IDEA BOOK" is permanently attached to the top part of the dispenser portion of the stand. Book contains 16 pages of illustrations and ideas.

DISPENSER STAND holds 40 each of 2, 4, and 6 ft. channels, 48 inside angles, 24 outside angles, 96 shelf brackets, 60 tool holders, 48 tool caddy's, 72 utility hangers, 24 splicers, and 84 bags of nuts and bolts.

S/C STEEL CITY CORP

SEE YOUR LOCAL DISTRIBUTOR FOR

STYLES PRODUCTS INC.
Englewood, NJ

TRI-W DISTRIBUTORS
Clearfield, UT

GEO. A. CLARK & SON
Minneapolis, MN

MESSINGER COMPANY
Rochester, N.Y.

BECK & GREGG INDUSTRIES
Atlanta, GA

COTTER & COMPANY
Chicago, IL

PHILADELPHIA RESERVE SUPPLY
Croydon, PA

STEEL & WIRE PRODUCTS
Baltimore, MD

WOODWARD WRIGHT & CO.
New Orleans, LA

HEUSINGER HARDWARE
San Antonio, TX

AMERICAN WHOLESALE HARDWARE
Long Beach, CA

WHOLESALE BUILDING SUPPLY CO. INC.
Oakland, CA

SOUTHERN HARDWARE DISTRIBUTORS
Las Vegas, NV

NUSBAUM-LEVY WHOLESALE HARDWARE
So. San Francisco, CA

JENSEN-BYRD COMPANY
Spokane, WA

WITTE HARDWARE
St. Louis, MO

TOWNLEY HARDWARE
Denver, CO

TOWNLEY HARDWARE
Kansas City, MO

BEST AVAIL

HARDWARE

(Continued from page 36)

SECURITY HARDWARE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1500D Combination padlock	3,876	3.79	14,690.04
2	Weslock Entry lock set, sunray	419	15.99	6,699.81
3	Master Lock 22D 1.5" warded lam pad	1,104	2.19	2,417.76
4	Master Lock 5000 1.75" warded lam pad	852	2.79	2,377.08
5	Guard Sec 624 C 1½ padlock brass	676	2.59	1,750.84
6	Parker HDW 1303 single cyl deadlock	190	8.99	1,708.10
7	Weslock entry lockset impresa	92	16.99	1,563.08
8	Master Lock 7D 11" laminated padlock	348	4.49	1,562.52
9	St Marks 1301 rim night latch	194	6.99	1,356.06
10	Weslock entry lock set elegant	77	16.99	1,308.23
11	Weslock deadbolt single cylinder	76	14.99	1,139.24
12	Ferum Co 1504 comb padlock	420	2.49	1,045.80
13	Master Lock 10D 1" warded lam padlock	600	1.69	1,014.00
14	Master Lock 5D 2" laminated padlock	75	7.99	599.25
15	Weslock Passage latch set sunray	66	7.99	527.34

GLUES, LUBRICANTS, ADHESIVES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Krazy Glue G40BX 2 gram krazy glue	3,300	1.59	5,247.00
2	Super glue SGH3 gripper super glue	4,944	0.99	4,894.56
3	Woodhill supl Super glue 3 gram tube	996	1.69	1,683.24
4	Gen Electric 361 Silicone seal clea	360	3.49	1,256.40
5	Miracle 401 6-oz acrylic caulk white	528	1.89	997.92
6	Weldit cement 1½ oz	828	1.19	985.32
7	Woodhill EPF200 e-pox-e cement fi	180	4.99	898.20
8	Gen Electric 372 silicone seal white	240	3.49	1,837.60
9	Darworth J6 fl oz polyseam seal	396	1.99	788.04
10	Borden E701 wood glue 8-oz bottle	384	1.99	764.16
11	Woodhill LS1 liquid steel filler	408	1.69	689.52
12	Borden E551 heavy grip cement	504	1.29	650.16
13	Boyle 8597 1-lb can plastic wood	156	3.79	591.24
14	Boyle 8596 ¼-lb can plastic wood	360	1.69	608.40
15	USM 203 electric glue gun	55	10.99	604.45

Hardware Show

Live Plants Get Play as Traffic Draw

Despite the problems associated with merchandising live plants, discounters continue to feel they are worth the risk—because they bring in the customers.

This is the case at Heck's, where the chain has added 8 to 16 ft. to its plant departments, increasing sku's in accessories as well as plants.

Typically, plants are sold at a 15%-25% markup and are used as a traffic draw, with discounters making a profit on accessories like potting soil, fertilizers, clay and plastic containers—which have gross margins of 40%-50%.

Heavy advertising accounts for much of the traffic. At Hills, where there is no department per se, a buyer explained: "We do three to four major promotions a year with a display in the front center of the store to prompt impulse buying."

This sentiment was echoed by ALCO's buyer: "Basic everyday plant departments must promote to keep people interested in the department." To this end, ALCO doubled its advertising budget for plants in the past year. In summer, the chain moves large ferns (6-, 8-, 10- and 12-in.) and flowering hanging plants like geraniums and begonias.

ALCO's next big planned promotion comes in October, and features indoor plants.

Most other chains plan promotions four times a year: Mother's Day, Christmas, Easter, and back-to-school, and feature a specific plant, i.e., mums for Mother's Day, lilies for Easter, etc.

Plant departments are managed differently, according to the area's needs. Store managers frequently search out employees who like plants, knowing that they will be well-cared for. Selecting sku's for normal sale is often left to individual store managers, as is the case with Heck's, where a truck loaded with stock from at least six local suppliers comes round to store locations. Only promotion stock is ordered by the main office.

This method is followed at Hills. As the buyer explained: "The individual stores can determine quantities better than headquarters." Hills takes advantage of this fact, realizing that each store's need are different and that store managers can better gauge what local customers want.

Friese Advances To SCOA Prez

COLUMBUS, Ohio—SCOA Industries, operator of Hills, has elected George R. Friese president and coo.

Friese, who is also a member of the company's board of directors, moves up from executive vice president. He joined the company in 1976.

SCOA Dividend

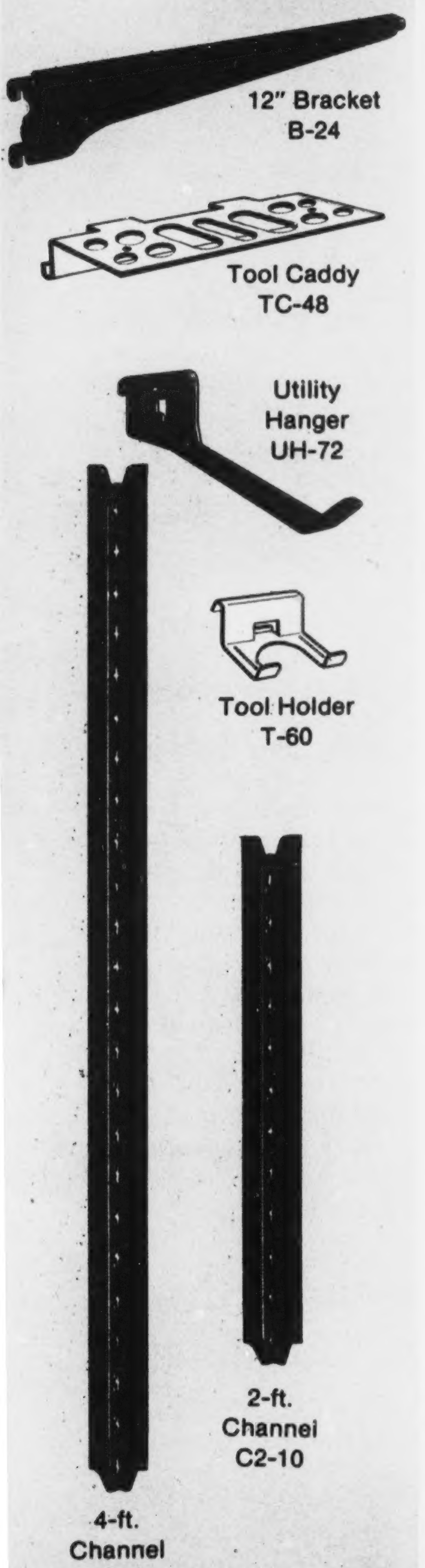
COLUMBUS, Ohio—The board of directors of SCOA Industries, parent of Hills, declared a regular quarterly dividend of 21¢ a share payable Sept. 14 to shareholders of record Aug. 24.

IT TWO WAYS
STORAGE SYSTEMS

SteelCity HEAVY DUTY
TOOL HOLDER & SHELF PARTS
U.S. PAT. NO. 4,159,164 CANADA 1,068,653 JAPAN PAT. PEND.

PROGRAMMED FOR HARDWARE RETAILERS
6 ITEM HARDWARE DISPLAY

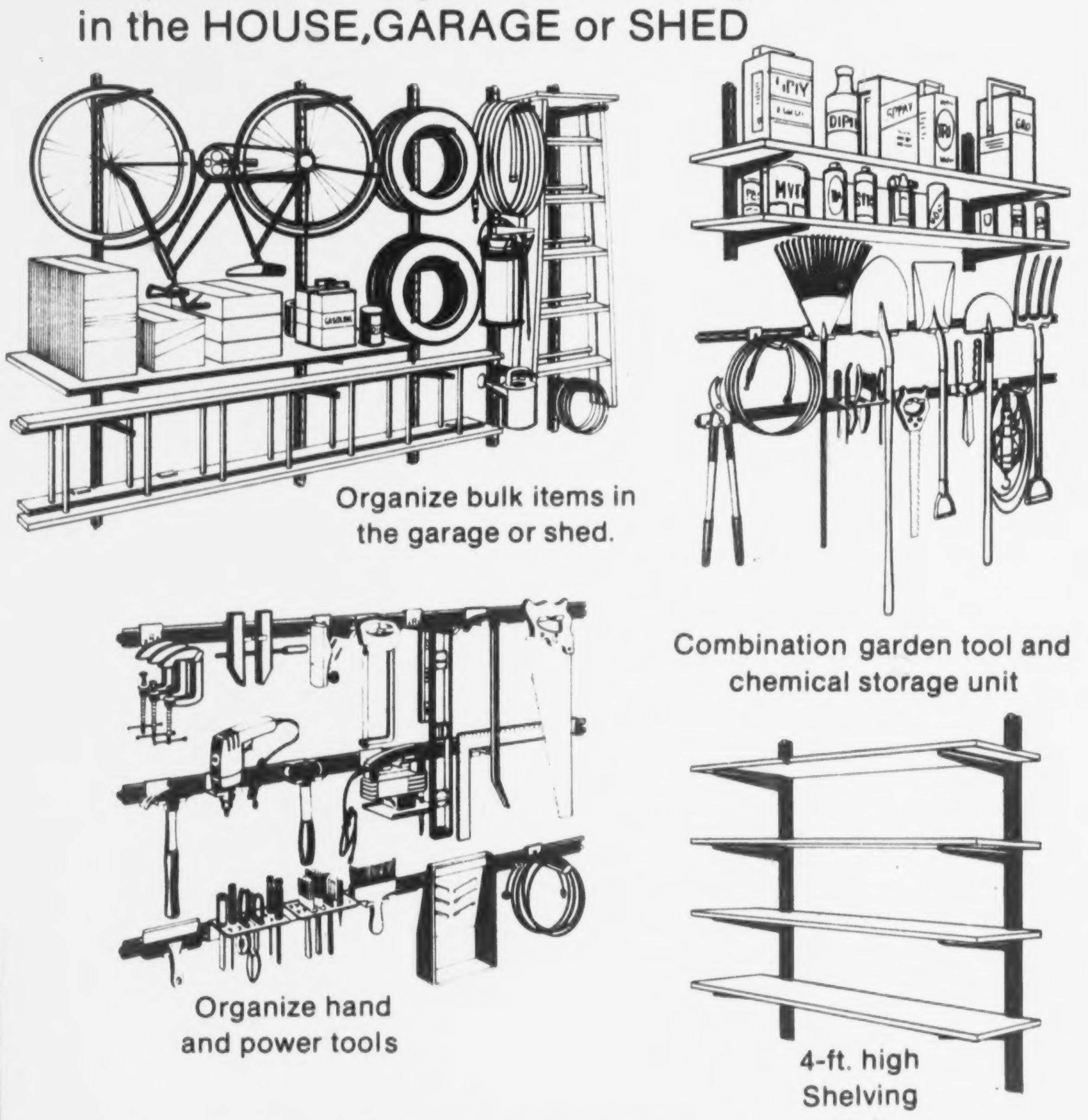
An easy way to make all types of heavy-duty wall shelving and tool storage units in the HOUSE, GARAGE or SHED



TOOL HOLDER & SHELF PARTS
HEAVY DUTY
TOOL HOLDER & SHELF PARTS
4 FT
2 FT
24 INCH CHANNEL

Shipped assembled except for attaching header.

MODEL THS-DIS 6 SKU


Organize bulk items in the garage or shed.
Combination garden tool and chemical storage unit
Organize hand and power tools
4-ft. high Shelving Unit

P.O.S. AND STOCK DISPENSER
Excellent sales aid.
This stand contains POINT-OF-SALE HEADER. Tells the story with illustrations.
"HOW TO" FOLDERS stand holds folders of 2 different "HOW TO ASSEMBLE" information.
DISPENSER STAND holds 60 4-ft. channels, 40 2-ft. channels, 96 shelf brackets, 120 tool holders, 48 tool caddy's, and 72 utility hangers.
Stand measures 17" deep, 20" wide, 60" high overall, stand is 35" high.

190 N. MERIDIAN RD. YOUNGSTOWN OHIO 44501
216 792-7663

INFORMATION
AMERICAN HARDWARE SUPPLY
Butler, PA
MALLCO DISTRIBUTORS
Phoenix, AZ
HARDWARE WHOLESALERS, INC.
Ft. Wayne, IN
GEORGE WORTHINGTON CO.
Cleveland, OH
SOURCE NORTHWEST

THE BUTTER CO.
Menomonee Falls, WI
BUDROW & CO.
Santa Fe Springs, CA
HARDWARE DISTRIBUTORS
Cleveland, OH
STEM DISTRIBUTING
Cleveland, OH
KRUSE HARDWARE
Cincinnati, OH

FEDERATED-GOODKIN CO.
City of Industry, CA
HARDLINES MARKETING, INC.
Milwaukee, WI
L.G. COOK COMPANY
Grand Rapids, MI
NELSON ROANOKE CORP.
Roanoke, VA
DECATUR-HOPKINS
Needham Heights, MA
BAUMRIN BROS. SOUTH
Jacksonville, FL
R K B ENTERPRISES
Elmira, NY

LEIGHT SALES CO.
Carson, CA
AMERICAN STREVELL
Salt Lake City, UT
LEBOVITZ WHOLESALE HARDWARE
Chicago, IL
PIONEER BLDG SPECIALITES
Portland, OR
H.E. SCHIFF DISTRIBUTORS
Hicksville, NY
BELKNAP, INC.
Louisville, KY
CONTEXT WHOLESALE CO.
Charolotte, NC

BLE COPY

Smoke Alarms

(Continued from page 43)

aren't going as well as they should be, but I've run promotions and knocked down the price as much as I could," said Chappell, who carries First Alert and a low-end model as his only sku's in the department.

Catalogers see smoke alarms as a good growth area, as the item has reached the stage where price is the sole factor determining turn. Many catalog buyers believe smoke alarms have achieved high consumer recognition, and feature name brand items at a competitive price in their catalogs.

W. Bell, Service Merchandise, Best, O. G. Wilson and Charter all carry the GE and First Alert lines, with O. G. Wilson featuring a high-ticket $34.74 First Alert unit.

Power Tools

(Continued from page 17)

ticket tools and other suppliers has been giving some chains margin leverage.

At Gee Bee, the chain has tripled its sales in power tools and accessories this year, largely by going to high-ticket additions to the department such as bench grinders and drill presses.

"We cut back on the space devoted to Black & Decker from 12-ft. and 8-ft. sections down to a 4-ft. run," said a spokesman at the chain, "although we didn't cut sku's. We kept our 15-sku offering in Black & Decker, but we went to single facings and tighter spacing. Then, we added 8 ft. of bench tools which gave us enough of a margin to play around with. This enabled us to sharpen prices on Black & Decker even more."

Margins on the bench tools were in excess of 30% (and 25% to 22% on promotion), the spokesman said. The chain also went to an importer and bought a drill press from the Orient at a lower cost. As a result, several sku's of drill presses running to $220 on promotion, and bench grinders at $60 and $70 have spurred large volume and profit increases in power tools.

"I was afraid to go that high on cost at first," a Gee Bee buyer admitted, "but we tried truckload sales of industrial-type tools at three stores four different times on a test basis. The bench grinders and drill presses forced us to give out rainchecks every time we ran them. They blew right out of the stores. I think industrial-type tooling is definitely a big business in the future."

Another route to more profitability in the category has been taken by ALCO, which dropped Black & Decker completely. The chain now carries Rockwell and Skil power tools, pays a slightly higher cost, but is also able to capture margins averaging 5% higher than it could on B&D items.

"Our volume is lower in power tools this year, but we planned for that," a spokesman at the chain said. "We cut back on both sku's and on advertising in power tools, thinning our assortment by a third. We're looking for a more profitable department by selling our accessories."

ALCO now devotes 4 ft. to power tools, and 6 ft. to the accessories. The spokesman also noted that tests of high-ticket bench tools in six stores last year went well. This is an area of possible growth in the future although at present the chain will take a wait-and-see attitude as B&D comes out with new bench-top tools.

Tradeups

(Continued from page 17)

In paint sales, increasing penetration by private labels is running to 40% of sales at many chains, while the one real growth category in the department is in wood stains.

Basic promotional power tools are reported to be having a slow season, with stagnant dollar sales meaning unit decreases at many chains, due to cost increases over the past year. However, several chains have reported success in testing high-ticket bench-top and industrial-type tools, where margins in excess of 30% are to be found. Black & Decker's step-up hand tools (the Value Plus line) are also reported to be selling better than the basic promotional models.

In home security, trade-up stock is also enjoying a better season than basic units. Jefferson/Ward has begun to sell home security consoles at tickets of $300 to $350 from its serviced camera departments and has tripled sales as a result.

Better lines of deadbolt locks—at tickets of $22 to $24—have meant plus sales at many chains, but metro markets do much better than rural areas. Spokesmen at Ames, Heck's and Wal-Mart reported increases but no real growth strength in rural areas. Spokesmen at Jefferson/Ward (Miami) and Gibson's (Houston) reported strong increases.

Smoke alarm sales have dropped off considerably from prior growth at many chains, although city ordinances in some states are expected to boost sales at chains such as S.E. Nichols and Oklahoma-based T.G. & Y. The latter will also be adding a 146-lb. floor safe, which will retail near $100, after a recent successful test.

Sales of garage-door openers varied greatly, with Woolco one of the country's biggest success stories. Two sku's at Woolco sell at $129 and $189 everyday, and a third unit may be added.

Sales Help Ups Console Volume

MIAMI—A shift in merchandising strategy has tripled Jefferson/Ward's sales of home security consoles.

The big-ticket electronic home security systems are now being sold from the chain's serviced camera departments because "the customer will not buy such an expensive item without a salesperson's assistance," a buyer for the chain reported. Prices in the category range from $300 to $350.

Wholesale Sales of Hardware Up

PHILADELPHIA—Figures published by the National Wholesale Hardware Association (NWHA) show wholesale sales of hardware increased nationally in June, rising to an NWHA index of 240.7, compared to an index of 203.1 in June of 1980 and 210.4 in May of this year.

(The index was developed to track constant-dollar sales of hardware at wholesale; 1973 was established as the base year, with an index of 100. The June 1973 index was 104.)

The index, which is compiled from monthly dollar sales figures contributed by 62 wholesaler members of the NWHA, showed similar gains on a regional basis. The East (Maine to Virginia, including all of New York, Pennsylvania and West Virginia) rose to an index of 301.0 from 248.1 last year in June, and from 264.8 in May.

The Midwest, however—Ohio and Kentucky west to the continental divide, including Missouri and Kansas—showed a much lower index (192.9) and increase; it was up from 165.9 last year in June.

NWHA: Gains Are Nationwide

Region	June 1981	May 1981	June 1980
National	240.7	210.4	203.1
East	301.0	264.8	248.1
Midwest	192.9	155.7	165.9
South	240.9	226.1	204.3
West	275.6	252.1	223.1

The constant-dollar index of wholesale hardware sales nationwide in June shows an increase of 18.5% over last June, approximately twice the inflation rate. *(Source: National Wholesale Hardware Assn.)*

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Window Treatments, Floor Coverings Show Gains in Home Decor Stores

ST. LOUIS—Window treatments and floor coverings have grown sharply over the past five years as a percentage of total sales in home decor specialty stores.

Floor coverings showed a 25% gain in share. Window treatments, continuing to be the hottest category in decorating centers, doubled their share.

So reported the National Decorating Products Association Merchandise Mix Survey, which also stated that the product which has suffered most is wall coverings.

The survey projected the departmental product mix for 1981 as follows:

Annual Volume by Department in Specialty Stores

Department	Sales (in millions)	Sales Share
Paint	$2,631	43.06%
Wall Coverings	1,318	21.57
Sundries	716	11.72
Floor Coverings	339	5.55
Window Treatments	397	6.50
Art materials & other products	751	21.30
Total Sales	6,111	100.00

("Other products" includes such items as glass, bath accessories, rental equipment, etc., while the "sundries" category is primarily paint and wall covering tools, supplies and equipment.)

Lifestyle

(Continued from page 3)

proximately 56 running feet to the categories, said buyer Giordano.

As Fishers considers adding flip chairs, Giordano said the stores may consider condensing some departments so they can tie in with the cross-merchandising of lifestyle furniture. Basic departments won't be cut, however. Cross-merchandising presentation isn't the only area where lifestyle furniture is having an impact.

At T.G. & Y., a new buyer position was created for home furnishings. Marilee Garretson was named buyer for pictures, wallcoverings, wicker, indoor furniture, lamps and shades, bathroom accessory hard lines, TV trays and wall clocks.

"We removed those categories from several departments and put them under one buyer," a company spokesman said. "Now we have one instead of five." The realignment will make home furnishings buying more cohesive.

New merchandising presentations are showing up in advertisements as well.

Giordano at Fishers has tied together lifestyle furniture in ads with paint and floor coverings.

Recent ads by Zayre and Target grouped flip chairs with glass and chrome tables, chrome sling chairs, lamps, a butcher-block table and wood room dividers.

Although Murphy's Mart buyer Bill Riddle says his stores are not involved in any large-scale home furnishings presentations, a recent ad tied together wicker furniture and indoor/outdoor grass carpeting, as well as decorator adhesive wall coverings and draperies.

Hills

(Continued from page 1)

The three shops are adjacent to a snack bar, which has become a standard up-front service area for Hills in all new stores. Ten older units have been retrofitted with a snack bar and another 20 are due to get the facility next year.

Hills' other new stores due to open this year in Lorain, Ohio, and Butler and Oil City, Pa., aren't going to get the expanded lobby as they don't have the space for this setup.

A company executive said that the test lobby would be studied for at least six months before Hills decided whether to put the arrangement in other stores.

(Hills first added snack bars about 18 months ago after testing this food service facility and in-store restaurants. The restaurants were in three ex-Grants the discounter acquired and decided to test as a possible new department.)

Besides testing the new areas, Hills has refined the merchandise presentation of a number of departments in the two new stores.

Header cards that measure 7 in. by 11 in. have been used to replace fact tags in a number of areas. The cards, which contain similar sales information as the fact tags, are easier to see than the small tags.

A new identification program for hardware, paints and automotive has slotted hanging signholders on the top of the gondolas in these departments. Specific signs, such as one for exterior latex paint with product information, can be fitted into the slot.

This program, a spokesman said, means that signs can be easily updated or changed as new items are added or a seasonal area is changed.

As an example of the latter, the seasonal gondola run in the two stores featured Hills' new energy-saving goods program that uses merchandise from three vendors: Marco, 3M and Stanley. In the spring and summer, lawn & garden goods are featured.

Bath shop hard goods and soft lines are combined on an endcap to promote tie-in sales. The display features bath shop domestics in one color, with selected stock of hard goods in the same shade. Similar displays are positioned on the wall in the domestics department.

Children's jewelry has become a growth category and Hills developed an accordian-type tabletop fixture for this merchandise. Each of the seven panels features different types of jewelry such as Sesame Street items of initial pins and pendants in the shape of a building block.

A similar accordian-type display was also unveiled for franchised cosmetics, with each three-sided section featuring a different brand.

This fixture, the spokesman said, provides more linear display space for each franchised line without the need to expand the total area.

APAA to Survey Aftermarket Stores

LANHAM, Md.—The Automotive Parts and Accessories Association (APAA) is planning a survey of aftermarket retailers which will provide operational data for the industry as a whole, against which retailers can measure individual stores' performance.

Retailers wishing to take part in the survey and receive the final report should contact the APAA Foundation for Aftermarket Industry Research, at APAA headquarters, 5100 Forbes Blvd., Lanham, Md. 20706. Contributions to fund the research are being requested.

K mart Dividend

TROY, Mich.—The board of directors of K mart have approved a cash dividend of 24¢ a share, payable to shareholders of record on Aug. 21, 1981. The dividend is payable on Sept. 14, 1981.

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Wal-Mart (40.9%) Tops Big Biz Gainers in 1st Half

Nationwide DSN *Report*

Extremely strong first-half sales results for some discount chains, and a general sales increase above the rate of general merchandise inflation have put some polish on a year that many feared would be dull at best.

A huge 40.9% increase at Wal-Mart, to $967.9 million from last year's $687.2 million, topped the first-half charts. Wal-Mart's string of near-40% (sometimes higher) sales gains is unmatched in discounting—and was accompanied, for the first half, with a net of $30 million (3.1% of sales) compared to $20.6 million in the first half of 1980—an even 3% of sales.

Zayre is enjoying the payback on remodels of its aging stores, and posted a 17.6% sales gain for the half, to $780.1 million from $663.5 million the year before. The percentage gain was even higher for July at 18.9%, to $109.7 million from the $92.2 million in July of 1980. Zayre remodels have boosted volume in the best stores to the $17 million level, as tradeup merchandise and better presentations prompt greater customer spending.

	1st Half Sales, 1980 (millions)	1st Half Sales, 1981 (millions)	% Gain
Wal-Mart	$ 687.2	$ 967.9	40.9%
Toys "R" Us	162.9	221.0	35.6
Roses	226.4	268.4	18.6
Zayre	663.5	780.1	17.6
K mart	6,456.4	7,358.7	14.0
Venture	241.1	265.6	10.1
Heck's	192.5	210.1	9.1
Murphy's Mart	202.1	219.7	8.7
Total	$8,832.1	$10,291.5	16.5%

The discounters in the chart had an aggregate (weighted) sales increase for the first half of 1981 of 16.5%, to $10.3 billion from $8.8 billion. The *average* sales increase was 19.3%. *(Source: DSN Research)*

Genuine fur (rabbit) coats, for example, in Zayre's latest store (90,000 sq. ft. in Chicago) carried tickets as high as $129; and cookware and lifestyle furniture departments add more sizzle to the Zayre steak.

K mart's overall first-half gain was lower than Zayre's at 14%, but its July sales jumped 21.5% to $1,174,076,000 from last July's $966.7 million. Good sell-through of seasonal merchandise at K mart was credited for the increase, which follows a similar double-digit increase in July of 1980 from July 1979.

The first-half K mart increase, to $7.4 billion from $6.5 billion, is not yet confirmation of the strength of K mart's remodels—they haven't been open long enough, and there isn't enough of them yet to claim the credit. Factors more likely responsible for K mart's gain, after adjustment for inflation, are new stores (more than 100 in the first half) and a gen-

(Continued on page 31)

Bill Would Sharply Limit I.R.B.s For New Stores

WASHINGTON—A plan that would sharply limit the availability of low-interest industrial revenue bonds to K mart and other growth-oriented discount chains is gaining support in the powerful House Ways and Means Committee.

Under that proposal, retailers and other commercial businesses would no longer qualify for the municipally subsidized bonds to construct stores in any area not considered to be "economically distressed."

Currently 40 states allow the issuance of industrial revenue bonds to encourage the development of new businesses in local communities. Since the interest received by purchasers of these state or local "I.R.B.s" is exempt from Federal income taxes, investors are willing to accept interest rates well below market levels.

In recent years the demand for these Federally subsidized bonds has increased sharply among expansion-minded national retail and fast-food restaurant chains, with Detroit-based K mart leading the pack.

According to a recent study by the Congressional Budget Office, K mart "financed 35 stores with I.R.B.s in 1980 alone," and since 1975 the chain has "used $220.5 million of I.R.B.s to open some 96 stores in 19 states."

K mart isn't the only large retail chain cashing in on cut-rate industrial revenue bonds, by any means. A *Discount*

(Continued on page 31)

Infants' is one of the softwear categories that Woolco has expanded and given a prime infield corner location in its newly unveiled prototype in East Brunswick, N.J. *(DSN photo)*

New Woolco Prototype in Fashion Push

By Iris Rosenberg

EAST BRUNSWICK, N.J.—Woolco has thrown its hat into the upscale discounter ring with the opening of its new prototype in an existing store here.

Fifty stores will be remade by the first half of next year; all stores will be converted to the new format within three years. Thus, the discounter is pinning much of its success in the 1980's—to be judged by its ability to lure a higher-income shopper into the stores—on its apparel mix which it has expanded and upgraded.

This new fashion emphasis is seen in both the mix (the prototype marks Woolco's stepped-up move into branded goods like Calvin Klein, Garanimals, Billy the Kid, MacGregor) and the presentation, which includes the use of more fashion fixtures.

The changes in the mix were made at the expense of marginal categories as disparate as home improvement and artificial flowers, which were eliminated, and the must-have categories like housewares, which were pared to the best sellers.

Also, a wide race track, expanded to 7 ft. from 5 ft., has been installed, the first in the chain, and the primed-for-growth categories—infants' and boys'—positioned on the inside corners.

The end result is a floor plan that gives the entire infield over to soft goods as well as the areas between the race track and the front left and far left walls.

To date, the new presentation has improved the store's sales by 25%, and chain projections call for the store's sales to increase by 50% within the next 12 months, according to John Parker, the company veteran recently tapped for the newly created spot of general manager, U.S. Woolco, and the architect of the repositioning plan. Parker, however, would not comment on the impact the company expects the remade stores to have on the bottom line.

The trade-off makes the women's wear area 25% larger; it now occupies 12,000 sq. ft. of floor space in the 115,000-sq.-ft. store.

Domestics has also been expanded in size, and so have infants' wear, shoes, men's wear and health & beauty aids.

Fashion-impact categories like jewelry, junior sportswear and men's casuals were placed in highly visible positions—along the race track just inside the front door.

In infants', that has meant an infusion of higher-ticket, primarily name-brand goods that has increased the prototype departments' assortment and size by 30%.

Shoes also got a new location

(Continued on page 19)

T.G. & Y. to Join Vons In Testing Combo Store

OKLAHOMA CITY—T.G. & Y. will be joining forces with California-based supermarket Vons to develop and test a combination store, under the direction of their common parent, City Products of Chicago.

City Products' plans call for a spinoff into an entirely new chain with its own nameplate, according to informed sources, though City Products refused to confirm or deny the report. *DSN* has also learned:

- Development of the new store type will be directed by City Products' management and not by either chain, but four executives have already been chosen for the project—two from T.G. & Y. and two from Vons.
- Groundwork, which includes an initial round of market research, began in the last four weeks.
- The first unit of the new chain could open as soon as late next year, if plans proceed on schedule.

City Products tapped T.G. & Y. vp of buying James Carel for the venture, as well as the discounter's divisional vp (Tulsa office) O. E. Bates. Names of the Vons executives were unavailable.

At presstime, the T.G. & Y. officers associated with the project were awaiting completion of new office construction. They will be working out of a T.G. & Y. warehouse in Edmond, Okla., rather than at the discounter's headquarters.

The chain spinoff idea comes

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Hot at Hardware Show: Ceiling Fans, Kerosene Heaters, Outdoor Furniture

By Frank Cavaliere

CHICAGO—Ceiling fans, kerosene heaters, and outdoor furniture were the categories that elicited the most favorable responses from buyers walking the 36th annual Hardware Show.

The combination of new fabrics and higher-ticket merchandise gave the promise of increased profits in lawn and garden.

For most buyers, though, placing orders took a back seat to shopping the show for deals and new products. Discounters sorted through more than 310,000 products from nearly 3,000 manufacturers to seek the best available deals from manufacturers, but new products were few and far between. Also, the slicker four-color packaging many manufacturers unveiled failed to impress most buyers because of the unfavorable price points and the lack of product innovation.

The quest for new items and possible growth categories led many discounters to the ceiling fan, space heater and outdoor living exhibits. Charles Hirschfeld, divisional merchandise manager, hard lines, Clover, reported that lawn and garden manufacturers were displaying new colors and tones in their lines of outdoor furniture. In addition, buyers are hoping that a PVC-coated (poly fiber) fabric will spur higher-priced outdoor furniture sales in time for the spring 1982 season.

Allan Banks, dmm, lawn and garden and patio, Ames, also reported seeing innovative patio displays. "I've seen a lot of new colors and patterns from the manufacturers this year," said Banks, who added that plans are in the works to add dollars to the category as a result of the new products offered.

Ceiling fans and space heaters continue to be regarded as strong growth areas with more upscale merchandise being manufactured and less resistance to higher price points by

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Walton: Make Suppliers 'Partners'

CHICAGO—"Raising prices is not the only way to stay in business," Sam Walton, chairman and ceo of Wal-Mart, told the crowd of early-morning hardware showgoers who attended his Hardware Industry Week keynote address.

"We must all work together—with our suppliers—to become more productive." He added that we all have a lot of slack in our companies.

Pacing the platform in front of the crowded room and not needing the microphone he carried in his hand, Walton exhorted the crowd of retailers to "form a partnership with your suppliers to make sure that you're giving your customers a real value when they shop your stores."

Walton also told the audience that it was important to form a partnership with their employees. "You must involve people in your operation. It is crucial for them to understand that the success of your stores is the result of a team effort."

At Wal-Mart, Walton said, "we try to tell our people everything about our company." For example, the company now posts departmental sales results in the stores so that department managers can see how they are doing. "We want them to be able to compare inventory, markdowns and sales against last year's figures" because their knowledge of day-to-day performance is also their bonus incentive.

"I believe," Walton said, "that in any company the table of organization should be inverted and that top management should think of itself as the base."

Gibson Franchisee Is Converting 4 Discounters to Home Centers

PAMPA, Tex.—Gibson franchisee Sandra Corp. is converting four of its 17 discount stores to more profitable Handy Hammer home centers, due to heavy competition from K mart, Wal-Mart and T.G. & Y. in small, rural, Sunbelt communities.

The economy also played a role in the discounter's decision to make the switch to a home center format, a company executive said.

Sandra in 1982 plans to cut back distribution of the scaled-down Jewelcor catalog it has been using for a number of years to markets served by just two discount stores, rather than the three markets covered this year.

In addition, the company sold its 33,000-sq.-ft. discount store in Dumas, Tex., to a supermarket operator. Sandra also opened a home center in a 13,000-sq.-ft. warehouse area adjacent to its 45,000-sq.-ft. discount store in Pampa as part of its efforts to cut down on expenses and improve the company's overall gross profit position.

Two discount stores have already been converted to home centers. They are in Bay City, Tex. (28,000 sq. ft.), and in Elk City, Okla. (35,000), while units in Silver City, N.M. (22,000) and El Campo, Tex. (27,000) were being changed over at presstime.

A company executive said that home centers are more profitable than discount stores. "Lumber and nails never go out of style," he noted.

K mart, Wal-Mart and T.G. & Y. have greater economic resources than Sandra, he added, and the three chains' invasion of small rural communities has created competitive problems for privately held retailers with limited capital.

To convert the four stores, Sandra dropped health and beauty aids and apparel, and went with a very limited sporting goods mix and toys on a seasonal basis. The chain is focusing strongly on housewares and hardware, with the latter expanded to include cut lumber, paneling, ceiling tiles, door and window forms and similar home center items.

The catalogs are being distributed in markets served by the Pampa and Borger, Tex., stores. Both areas are industrial centers and thus have the economic base to make the investment in catalog goods pay off.

Sandra risked limiting sales and profits by cutting back its catalog distribution and transforming four stores into home centers, but it was prudent to be conservative in the face of the current economy, he said.

The four communities getting the home centers are large enough to support them, the company spokesman added, and volume from these stores should produce higher gross profits than we could have expected from the discount stores.

Pamida Inc. Is Charged With Illegal Wiretapping

OMAHA—A Federal grand jury has indicted Pamida Inc., and one of its employees on charges of illegal wiretapping.

The company is charged with conspiracy in the installation of an antenna wire above the offices of some of its buyers, and bugging their telephone conversations at times from 1976 to 1978.

Marvin Vincent, Pamida's vp of security (both before and after the discounter's reorganization into a new company) was also charged with complicity in the case. In addition, Vincent was charged with two counts of perjury. He allegedly lied about wiretaps when he testified to the grand jury.

Pamida president Clayton Burkstrand said the indictment "has nothing to do with the current Pamida. The indictment is against the original Pamida Inc., a Nebraska corporation, which is now the PMD Investment Company. It has nothing to do with us."

Vincent was not available for comment.

(Pamida Inc. sold its stores and assets to an employee stock ownership trust at the beginning of the year. Those who did not tender their stock are now shareholders in PMD Investments, which handles tax-free securities. Majority shareholder is former Pamida chairman D. J. Witherspoon.)

A spokesman for the F.B.I. in Omaha said the current charges are an outgrowth of an investigation which has been continuing over the last three years, following an August 1978 search of Pamida's headquarters by F.B.I. agents.

At that time, agents reported finding listening devices in various offices. A voice-activated recording device used to record telephone conversations was found, as well as other equipment locked in a wall cabinet in the chain's security office.

Pamida's deputy security director Harold Horak was subsequently tried and convicted of illegal eavesdropping. He was sentenced to three years in prison in 1979. He is currently in Leavenworth penitentiary, and was given an additional 18-month sentence for contempt of court after he refused to appear before grand jury hearings.

Currect charges were brought to the grand jury by a deputy attorney of the U.S. Justice Department's Criminal Division in Omaha. Though at the time of Horak's trial an F.B.I. spokesman said the investigation was over, and that there was "not sufficient credible evidence to indicate that the company or any other individuals were involved," new evidence was found.

"We put a lot of legwork into this one," an F.B.I. spokesman said. "You need a person on the line whose privacy was invaded, not merely the equipment," he added. He declined to comment further on the number of individuals whose constitutional rights were allegedly violated. However, during the time when the wiretapping is said to have occurred, several employees believed to be involved in thefts and a buyer allegedly receiving kickbacks from suppliers were fired.

DISC Award Entries Invited

NEW YORK, N.Y.—The fourth annual DISC (Discounter In Service to the Community) awards program is under way.

Discount chains with public service programs are invited to submit a complete description of the program to the DISC panel of judges—a distinguished group of retailers—for consideration as the 1982 DISC award winner.

In 1979, Jamesway won the DISC award for its massive contribution to the Muscular Dystrophy Association. In 1980, Target took the award for its category grants to arts and humanities in its markets. In 1981, King's won with its grassroots support for local needs, such as ambulance service and aid to the elderly.

Look for another announcement and an entry blank in the next issue of *Discount Store News.* Judging of each entry will be based on the uniqueness of the program, the scope of activities included, the amount of publicity generated for the chain, and the benefits to the community.

New Firm Readies First Scaled-down Toy Discounter

HYANNIS, Mass.—Tons of Toys n' More is due to open its first unit, a scaled-down discount toy specialty store, next month in a 15,000-sq.-ft. ex-supermarket here.

The new operation is headed by Bruno Ferretti, formerly executive vice president of Child World.

He told *DSN* that the new toy discounter is positioned to compete with the toy departments of discount stores and catalog showrooms in secondary markets that are too small to support a 40,000-sq.-ft. full-line Toys "R" Us or Child World discount toy store.

In Hyannis, Tons of Toys n' More will co-anchor, with

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Sears Sets Biz-Machine-Store Mix

CHICAGO—Sears' Business Systems Centers will merchandise IBM's new personal computer along with other national brands and Sears' private-label business electronic equipment.

The five stores due to open this fall in Boston, Chicago and Dallas will mark Sears' testing of the business machine specialty store field.

The merchandise mix will include business and personal computers, word processors, printers, calculators, dictating equipment and typewriters.

Sears will also offer software programs for the computer as well as service this equipment.

The retailer won't sell the IBM computer in its conventional department stores and catalogs because of the need for specialty salesclerks to handle this item and the ancillary software programs.

Sears is the first major retailer to enter the business equipment store field which, until now, has been the province of such specialty store chains as Computerland and Radio Shack, plus stores operated by such manufacturers as IBM and Xerox.

In This Issue...

NEW BALLGAME. Sporting goods manufacturers have cut back production, and shortages have marked the wholesale and retail scene. (P. 8)

PICTURE THIS. For the new merchandise presentations at Woolco and Clover, see photos on pp. 19, 21.

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Backhaul

(Continued from page 3)

industry deregulation bill.

Significantly, that legislation applied only to sellers of "food and grocery products"—language which raised immediate legal questions concerning which suppliers, retailers and merchandise lines would be covered by the Robinson-Patman exemption.

Although the trucking deregulation law has been in effect now for over a year, "the situation remains unclarified" and "many manufacturers are reluctant to implement" backhaul allowance programs because of concerns over "Robinson-Patman liability, especially in the form of treble-damage suits," the Grocery Manufacturers of America told the FTC.

In response to that petition, commission antitrusters issued a formal advisory opinion stressing that while the backhaul provision "only applies to food and grocery products," if a manufacturer of those products offers rebates to any retailer, he must make identical allowances available "to all customers who may purchase those products, regardless of the type of retail outlet—grocery store, drug store, etc.—operated or supplied by the customer."

The FTC reinforced this position in a separate opinion approving a new backhaul allowance program on the drawing boards at Procter & Gamble.

In approving P&G's plan to offer retailers backhaul rebates if they use their own trucks to pick up orders of Comet cleanser, Biz detergent and Downy and Bounce fabric softeners, Federal antitrusters emphasized that it would be necessary for the supplier to "offer allowances to all customers, regardless of their retail trade identification as operators or suppliers of, e.g., grocery stores, drug stores, general merchandise retail stores, and so forth."

The hitch in FTC's new enforcement stand is the agency's narrow interpretation of what constitutes a "food or grocery product."

According to the commission, backhaul rebates can be offered only for products "sold primarily in grocery stores"—a restriction that could sharply limit opportunities for discount chains to take advantage of such allowances.

Although food and laundry products clearly fall into the approved category, it's questionable whether the FTC will consider products such as toiletries, paper goods, or pantyhose to be "primarily" supermarket lines.

In addition, some large discount chains such as K mart may have difficulty obtaining backhaul allowances even for clear-cut grocery products because of their current distribution systems.

In approving P&G's experimental backhaul program, the FTC gave specific permission to the manufacturer to deny rebates to retailers who purchase in less than truckload (LTL) orders—a restriction likely to be imposed by other suppliers implementing similar programs.

Procter & Gamble justified this restriction to the FTC on the grounds that most retailers who purchase LTL quantities do so for their own convenience, not because they can't afford full truckloads.

"About half of the LTL shipments [made to retailers by P&G's bar soap and household cleaning products division] were to chain stores like K mart who had chosen to bypass their central warehouse facilities by electing direct store delivery at a higher price under the company's quantity discount structure," Procter & Gamble told the FTC.

"Some chain retailers and wholesale accounts who warehouse also order on an LTL basis to their warehouse," P&G added. "While this may represent their optimum inventory level, they could well have the capacity and the financial resources to purchase in truckload quantities, especially if a customer pickup allowance opportunity were available."

I. R. B.s

(Continued from page 1)

Store News review of *Moody's Bond Record* reveals that at least a half dozen other retail giants (including Federated Department Stores, Revco Drug Stores, and the Kroger supermarket chain) have also secured I.R.B.s to finance store growth over the past five years.

But no other retail firm begins to approach K mart in its use of low-interest municipal bonds. In Pennsylvania alone, nearly 20% of all the I.R.B.s issued to all businesses since the mid-1970's have gone to finance K mart stores.

This heavy use has triggered a backlash from local retailers in many parts of the country.

"Established merchants and restaurateurs, who have never benefited from tax-exempt financing, have begun to complain about the use of subsidies to set up competitive establishments," Congressional Budget Office officials warned earlier this year in a report urging a new legislative review of the bonds.

Increasingly, this retail resentment is producing political action to block the availability of I.R.B.s to "outside" chains.

Last summer, local merchants in Ravalli County, Montana, rebelled against a pending $4 million I.R.B. to finance a new K mart shopping center in their area, and obtained a referendum placing the issue on last November's election ballot. The voters turned against K mart and defeated the bond plan.

Similar campaigns to prevent large chains from getting I.R.B.s have since sprung up in Alabama, Oregon and other states.

Even more recently, a House Ways and Means oversight subcommittee held a series of hearings on industrial revenue bonds which produced criticism of current practices from a different quarter.

"A recurring question throughout the hearings centered on whether I.R.B.-generated activity represented actual economic expansion or simply relocation of resources from one area or business to another," subcommittee officials said. "This inquiry surfaced primarily in connection with I.R.B. financing of new retail outlets, such as K mart branches."

Repeatedly during the hearings witnesses argued that retailers and other commercial businesses should be denied access to I.R.B.s altogether, and that the bond subsidy program "should be reserved for manufacturing, warehousing and other industrial projects" which "export" goods out of the community while "importing" new money.

In contrast, retail stores do not create any goods for shipment out of the community and bring in little or no new money to the local economy, the economists argued.

But, officials from at least one state, Ohio, defended their practice of granting I.R.B.s to retailers, contending that commercial establishments tend to hire more employees per dollar of capital investment than manufacturing operations, and provide many entry-level jobs for young and disadvantaged jobseekers.

In the end, the subcommittee reached a compromise position which, while not barring retailers from securing I.R.B.s altogether, would sharply limit the availability of these bonds to commercial firms.

Under the subcommittee's recommendation, the Federal tax laws would be altered to permit commercial I.R.B.-financed projects such as stores and shopping centers only in economically distressed areas.

According to the panel's plan, such locations would be limited to areas with at least 2,500 families, of which 30% or more have incomes below the national poverty level. In addition, at least 70% of the families in qualifying areas must have incomes below 80% of the statewide median income.

If the subcommittee's recommendations are ultimately enacted into law, it appears that K mart and other retailers will find their I.R.B. financing limited to inner-city poverty pockets and other areas where it may be difficult to justify new store construction even with cut-rate funds.

T. G. & Y.

(Continued from page 1)

amid T.G. & Y.'s plans to reposition its discount stores as a fashion/value operation with a new upscale store prototype and an upgraded fashion mix. The plan takes combination stores already run by Vons one step further.

Vons operated 163 supermarkets at the close of its last fiscal year, but 22 of those were food/drug combination stores which sell large amounts of general merchandise. General merchandise for the combination stores is ordered from Ben Franklin wholesale—yet another division of City Products.

Though the Vons combination stores cannot stock broad general merchandise assortments, electronic games with tickets to $50, giftware to $100, and tape recorders and radios to $200 are carried.

Apparel claims 75 sq. ft. and includes skirts, blouses, jogging suits and windbreakers in addition to staples such as T-shirts, underwear and socks. Tickets run to $30 in the combination store's apparel.

Recent fine-tuning of nonfood merchandising in Vons combination stores has frequently followed traditional discount store routes: new goods in the stores include several sku's of wicker, and a serviced cosmetics department has been abandoned in a labor-saving move (cosmetics is now serviced by the sound/camera counter staff).

T.G. & Y., following a general trend in discounting to use consumables as traffic draws, has moved to the point where food items are in nearly every tabloid the chain puts out.

City Products' plan to combine elements of both Vons and T.G. & Y. under one roof is a natural outgrowth of the direction at each chain: Food items draw traffic reliably and general merchandise gives higher gross margins.

No market area, store size or name for the new store type has been released. Extensive market research is sure to be one of the largest factors in development of the new chain, however.

Vons has captured sales gains between 22% and 24% for each of the last three years, gaining leading market share in Los Angeles and Orange Counties (Calif.), and much of this success has been attributed to consumer research.

T.G. & Y. recently set up its own consumer research division, and plans to use it extensively in strategic planning. In addition, a T.G. & Y. executive noted that "City Products has put together a market research team, and they will be doing a lot of the work for us."

T.G. & Y.'s Family Center discount stores have recently centered on a 50,000-sq.-ft. prototype size, while Vons' recent combination food/drug stores run 40,000 sq. ft.

The assignment of Carel to City Products' new project and the recent resignation of T.G. & Y.'s other vp of buying William Dorsey have caused a realignment of staff at the chain.

Four group buyers, including Gary Broadhead who was named to this position last November, now divide Carel's and Dorsey's responsibilities. The group buyers include J. R. Hogel, Terry Turner and Ed McBride, all promoted from buyer.

Hogel, previously senior toy buyer, will now be responsible for hardware, toys, seasonals, consumer electronics, toilet goods and fragrances. Terry Turner, boys' wear buyer, will be responsible for all of the wearables categories.

McBride, seasonal greeting card and party supplies buyer, will be responsible for fabrics, domestics, notions, hosiery and accessories.

Additional changes at T.G. & Y. at some point in the future include a renaming of the chain's discount stores, with the T.G. & Y. logo to remain on the 300-plus variety stores.

Roses

(Continued from page 3)

pocket and belt treatments, with new embroidery and stitching.

Roses' jeans arrived in stores in May—which was a bad time for sales of denims in general, said Hofmeister. But the early appearance gave Roses the opportunity to build a good inventory for BTS. Heavily promoted during BTS, sales have accelerated and the program is expected to fly, she said. "We just needed our own promotion," she said.

The decision to bring in its own label came after trying designer jeans and watching other discounters scramble to outprice each other with Wrangler, Lee and Levi's.

"We tried designer jeans and couldn't give them away," Hofmeister said. "I just don't think our customers were impressed. They don't come to Roses to buy $40 jeans; we don't have that image."

Of 6,000 pairs of Diane Von Furstenburg jeans tested by the chain last year, 80% were marked down from the $15.88 promotional price and still wouldn't sell, Hofmeister said. The jeans regularly retailed for $38.

Although the stores carry Wrangler in the name brand category, the buyer said Roses cannot afford quantities necessary to meet competition. "We would just end up getting hurt. Everybody has to pay the same price for the name brands and it's just a matter of how much you want to give them away for."

Roses also regards going through jobbers as too much of a risk in purchasing most basic name brands and designer jeans. "I've been offered Levi's and Calvin Kleins through jobbers, but it makes me nervous," said Hofmeister.

Another important reason behind Roses' initiation of its own label was the havoc late deliveries play with the budget.

"We could no longer rely on the imports," said Hofmeister. She said the turning point came when a 6,000 dozen order that was due last October didn't arrive until June. That incident was followed by an order of 3,000 dozen in March, which failed to arrive by April. "By that time we had our own program and I canceled the order. I told them I didn't want them, I've got my own program."

Even though jeans sales have been soft this year for the chain, Roses expects its own program to increase sales. "The economic factor is important to consider here. We have a lot of farm and factory workers with school-age children."

Construction Begins On New Target Store

MINNEAPOLIS—Target Stores of Minneapolis, a division of Dayton Hudson, will begin construction this month of a 100,000-sq.-ft. store at Highway 52 and 37th Street in Rochester, Minn. The store will be located next to a shopping center developed by North American Realty. Completion of construction is expected by mid-1982.

Sales

(Continued from page 1)

eral improvement of consumer confidence in the economy and the Government's efforts to improve it.

Toys "R" Us, the toy specialty discounter with just over 100 stores in 17 states, including both coasts, had a 35.6% sales gain for the first half, ended Aug. 2. Same-store gains for the half were 20.8%, as total sales reached $221 million from $162.9 million in the first half of 1980. Toys "R" Us plans approximately 20 new stores in 1981, entering the Philadelphia market for the first time with five or six stores.

Strong same-store gains of 8.7% were also recorded by Murphy's Mart stores, with six-month sales of $219.7 million from the 103 stores in operation at the end of the first half of this year, compared to $202.1 million from 102 stores last year. But, the chain's average store volume still falls far under the industry average, which will top $8 million in 1981. The Murphy's Mart increase offset a 1.2% decline at G.C. Murphy variety stores, and gave the corporation a total sales increase of 4.48%. That small sales decline can be attributed to the drop in the number of G.C. Murphy stores to 337 from 355 last year.

Venture, its problems digesting the Chicago Turn-Style acquisitions apparently behind it, posted a 10.1% increase in sales from same stores, to $265.6 million from $241.1 million in 1980's first six months.

Heck's got a 9.1% increase in sales for the half, to $210.1 million from $192.5 million, but net income slipped from 2.9% of sales ($5.6 million) to 2.5% of sales ($5.2 million) as the recent coal strike impacted on volume.

Roses' first-half sales increased 18.6%, to $268.4 million from $226.4 million in 1980.